

# **POLOKWANE LOCAL MUNICIPALITY**



**ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30 JUNE 2016  
UNAUDITED**

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**POLOKWANE MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS ENDED 30 JUNE 2016**

**APPROVAL AND CERTIFICATION**

I am responsible for the preparation of these annual financial statements, which are set out on pages 2 to 62, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 25 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Cooperative Governance and Traditional Affairs determination in accordance with this Act.

**Maboya TF**

**ACTING MUNICIPAL MANAGER**

**DATE**

**POLOKWANE MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS 30 JUNE 2016**

**Reporting entity's mandate**

The City of Polokwane is a category B local authority established in terms of section 151 of the Constitution of the Republic of South Africa ( Act 108 of 1996)

The principal activities of the City are to:

- > provide democratic and accountable government to the local communities;
- > ensure sustainable service delivery to communities;
- > promote social and economic development;
- > promote a safe and healthy environment; and
- > encourage the involvement of communities and community organisations in the matters of local government

The City's operations are governed by the Local Government: Municipal Finance Management Act (Act 56 of 2003), the Municipal Systems Act (Act 32 of 2000), the Municipal Structures Act (Act 117 of 1998) and various other acts and regulations.

**General information**

**Legal form of the entity**

Local Municipality

**Jurisdiction**

Polokwane Local Municipality demarcated area

**Members of the Council**

TP Nkadameng	Executive Mayor
MC Mathiba	Speaker
MK Teffo	Chief Whip
LE Hardy	Member of the Mayoral Committee
MJ Kaka	Member of the Mayoral Committee
ME Maleka	Member of the Mayoral Committee
SJ Malope	Member of the Mayoral Committee
SM Mashabela	Member of the Mayoral Committee
RC Molepo	Member of the Mayoral Committee
SE Nkadameng	Member of the Mayoral Committee
MJ Ralefatane	Member of the Mayoral Committee
MJ Sello	Member of the Mayoral Committee
MS Tjale	Member of the Mayoral Committee
AH Botha	Member of Council
HE Chauke	Member of Council
FA Haas	Member of Council
ME Khalo	Member of Council
MF Kubjane	Member of Council
D Kwenaitse	Member of Council
LM Legodi	Member of Council
MJ Lekota	Member of Council
MM Lemekoana	Member of Council
MW Letsoalo	Member of Council
RF Lourens	Member of Council
M Maake	Member of Council
MG Mabelebele	Member of Council
MM Mabitsela	Member of Council
MT Mabutla	Member of Council
NE Machaba	Member of Council
MD Madikoto	Member of Council
TJ Magoro	Member of Council
RT Makgabo	Member of Council
KP Makgoba	Member of Council
MP Maifala	Member of Council
SM Mahlatji	Member of Council
MM Mailula	Member of Council
MM Maja	Member of Council
CM Mamabolo	Member of Council

**POLOKWANE MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS 30 JUNE 2016**

ML Mamabolo	Member of Council
SN Mamabolo	Member of Council
MA Manong	Member of Council
HF Marx	Member of Council
MC Mashiane	Member of Council
A Mashie	Member of Council
MR Mashitisho	Member of Council
MA Mathabatha	Member of Council
JM Matlou	Member of Council
MJ Manamela	Member of Council
QN Mehlaphe	Member of Council
ST Mehlaphe	Member of Council
JA Moabelo	Member of Council
MA Moakamedi	Member of Council
PJ Modikoa	Member of Council
TJ Mogale	Member of Council
TSP Mojabelo	Member of Council
NJ Mokgokong	Member of Council
JS Mokonyama	Member of Council
MH Morwana	Member of Council
SM Motseo	Member of Council
M Mothiba	Member of Council
ML Motshekga	Member of Council
MM Peta	Member of Council
MP Phadu	Member of Council
RH Phoshoko	Member of Council
M Pretorius	Member of Council
MJ Raletjena	Member of Council
CS Ramabu	Member of Council
DM Ramakgwakgwa	Member of Council
MJ Sedibane	Member of Council
MR Sekgobela	Member of Council
ND Setjie	Member of Council
TC Shilajoe	Member of Council
MMP Sono	Member of Council
KG Tsheola	Member of Council
MA Thobejane	Member of Council
MJ Willemse	Member of Council

**Members of the Audit and Performance Audit Committee**

S Mofokeng	Chairperson
HG Hlomane	Member
S Kholong	Member
SJ Masite	Member
MFA Moja	Member
MP Mongalo	Member

**Acting Municipal Manager**

Maboya TF

**Seconded Acting Chief Financial Officer**

N Essa

**Auditors**

Auditor General South Africa

**Grading of Local Authority**

Grade 10

**Bankers**

Standard Bank

**Business address**

Civic Centre  
C/O Landdros Mare and Bodenstein Street  
Polokwane  
0699

**Lawyers**

Pule Incorporated  
Mogaswa Attorneys  
AM Carrims Attorneys  
Maboku Mangena Attorneys  
Kgatla Incorporated  
Matabane Incorporated  
Noko Maimela Incorporated  
Rachoe Attorneys

**Postal address**

P O Box 111  
Polokwane  
0700

**POLOKWANE MUNICIPALITY**  
**STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2016**

	Note	2 016.00 R	2015 R Restated
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	15	86 328 671	322 963 447
Trade and other receivables from exchange transactions unless specified otherwise	12	436 599 301	372 358 535
Other receivables from non-exchange transactions	13	27 593 625	14 277 866
Inventories	11	40 022 938	36 214 414
Current portion of receivables	10	5 466 104	5 666 187
VAT receivable	14	0	18 377 908
<b>Total Current Assets</b>		<b>596 010 639</b>	<b>769 858 358</b>
<b>Non-current assets</b>			
Non-current receivables	10	210 173	375 671
Investments	9	59 000 800	59 000 800
Property, plant and equipment	8	8 676 110 930	8 649 553 457
Intangible assets	8.1	2 073 968	2 315 361
Investment property	8.2	658 489 238	617 158 459
Heritage assets	8.3	15 609 153	15 609 153
Biological assets	8.4	8 087 721	14 277 750
<b>Total Non-current assets</b>		<b>9 419 581 983</b>	<b>9 358 290 652</b>
<b>Total Assets</b>		<b>10 015 592 622</b>	<b>10 128 149 010</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	6	370 164 912	352 780 535
Consumer deposits	5	68 863 503	67 612 259
Unspent conditional grants and receipts	7	11 827 752	195 134 950
Current portion of borrowings	4	65 065 521	37 263 987
Current portion of finance lease liability	38	35 405 263	35 405 263
VAT payable	14	22 574 912	0
<b>Total Current Liabilities</b>		<b>573 901 863</b>	<b>688 196 995</b>
<b>Non-current liabilities</b>			
Non-current borrowings	4	165 622 038	188 024 387
Non-current finance lease liability	38	28 942 909	54 267 311
Non-current Provisions	35	264 084 655	244 712 945
<b>Total Non-current Liabilities</b>		<b>458 649 601</b>	<b>487 004 643</b>
<b>Total liabilities</b>		<b>1 032 551 465</b>	<b>1 175 201 638</b>
<b>Net assets</b>		<b>8 983 041 157</b>	<b>8 952 947 372</b>
<b>NET ASSETS</b>			
Housing Development Fund	2	0	6 955 962
Revaluation Reserves	3	3 408 519 201	3 433 074 767
Accumulated surplus		5 574 521 956	5 512 916 643
<b>Total net assets</b>		<b>8 983 041 157</b>	<b>8 952 947 372</b>

**POLOKWANE MUNICIPALITY**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2016**

	Note	2016 R	2015 R Restated
<b>REVENUE</b>			
<b>Revenue from Exchange Transactions unless specified otherwise</b>			
Property rates - Non Exchange Transactions	16	281 023 721	255 375 942
Service charges	17	1 092 044 555	917 720 057
Rental of facilities	18	12 342 192	12 973 612
Investment Revenue – external investments	21	27 592 762	35 720 658
Interest earned – outstanding debtors		54 307 169	45 797 676
Fines - Non Exchange Transactions		17 128 585	9 846 497
Licenses and permits		8 100 962	9 195 509
Income for agency services		15 931 818	15 608 127
Government grants recognised - operating - Non Exchange Transactions	19	616 432 887	547 555 480
Government grants recognised - capital - Non Exchange Transactions	19	473 584 799	555 234 831
Public contributions, donated and contributed property, plant and equipment - Non Exchange	19	3 355 674	2 797 470
Other revenue	22	187 481 214	78 652 634
<b>Total Revenue</b>		<b>2 789 326 337</b>	<b>2 486 478 493</b>
<b>EXPENDITURE</b>			
Employee related costs	23	598 398 759	520 315 822
Remuneration of councillors	24	27 019 623	25 405 636
Bad debts		76 708 428	130 414 056
Depreciation/Amortisation		475 210 190	546 632 072
Repairs and maintenance		199 521 474	163 392 950
Finance cost	25	33 955 931	38 186 646
Bulk purchases	26	748 278 150	674 894 906
Grants and subsidies paid	27	17 180 000	6 740 000
General expenses	28	586 464 904	499 087 440
<b>Total Expenditure</b>		<b>2 762 737 459</b>	<b>2 605 069 528</b>
Impairment of assets	8	0	-315 183
Impairment of receivables (PHA Loan)			-7 595 282
Loss on disposal/derecognition of assets	8	-49 584 331.22	-25 848 721
Gain (loss) on fair value adjustment	43	18 114 504	22 195 708
<b>NET SURPLUS / (DEFICIT) FOR THE YEAR</b>		<b>58 058 706</b>	<b>-130 154 512.27</b>

POLOKWANE MUNICIPALITY STATEMENT OF CHANGES IN NET ASSETS 30 JUNE 2016

	Notes	Housing Fund	Revaluation Reserve	Total	Accumulated Surplus/ (Deficit)	Total
			R		R	R
<b>Balance at 30 June 2014</b>		<b>10 444 441</b>	<b>3 402 773 733</b>	<b>3 413 218 174</b>	<b>5 590 487 541</b>	<b>9 003 705 714</b>
Correction of error			37 972 207	37 972 207	15 370 470	53 342 677
Restated 2015 opening		10 444 441	3 440 745 940	3 451 190 381	5 605 858 011	9 057 048 392
Debtors discount allowance				0		0
Adjustment debtors prior year amounts received in advance				0		0
Adjustment debtors impairment prior year				0		0
Provision Landfill Site				0		0
Correction of error				0	21 615 288	21 615 288
Realisation of Revaluation Reserve - Derecognition		0	-7 671 173	-7 671 173	7 671 173	0
Correction to realisation of Revaluation Reserve- Derecognition					7 926 684	7 926 684
Adjustment investments (PHA)						0
Adjustments Trade and other receivables from exchange transactions						0
Adjustments Trade and other payables						0
Adjustments Non current receivables (PHA)						
Adjustments Investments (PHA)						
Adjustments Trade and other receivables from exchange transactions						
Adjustments Trade and other payables						0
Net gains and (losses) not recognised in the statement of financial performance (Housing Development Fund)		-3 488 480	0	-3 488 480	0	-3 488 480
Transfers to/ from accumulated surplus (provisions)				0		0
Surplus (deficit) for the period		0	0	0	-130 154 512	-130 154 512
<b>Balance at 30 June 2015</b>		<b>6 955 961</b>	<b>3 433 074 767</b>	<b>3 440 030 728</b>	<b>5 512 916 643</b>	<b>8 945 020 687</b>
Adjustments on amounts receivable					-18 687 656	-18 687 656
Adjustments on amounts payable					-2 421 034	
Trade and other payables					99 704	
Trade and other payables					26.79	
Net gains and (losses) not recognised in the statement of financial performance (Housing Development Fund)		19 675	0	19 675		19 675
Realisation of Revaluation Reserve - Derecognition			-24 555 566	-24 555 566	24 555 566	0
Transfers to/ from accumulated surplus (reserves)		-6 975 636		-6 975 636		-6 975 636
Surplus (deficit) for the period		0	0	0	58 058 706	58 058 706
<b>Balance at 30 June 2016</b>		<b>0</b>	<b>3 408 519 201</b>	<b>3 433 074 767</b>	<b>5 574 521 956</b>	<b>8 977 435 776</b>



**POLOKWANE MUNICIPALITY**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2016**

	Note	2016 R	2015 R Restated
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipted from ratepayers, government and others		2 446 268 354	2 319 816 692
Cash paid to suppliers and employees		-2 131 047 539	-1 845 694 530
<b>Cash generated from operations</b>	<b>30</b>	<b>315 220 816</b>	<b>474 122 162</b>
Interest received		27 592 762	35 720 658
Finance cost paid		-33 955 931	-38 371 116
Tax -VAT (receivable) payable		40 952 820	-18 377 908
<b>Net cash from operating activities</b>		<b>349 810 467</b>	<b>453 093 797</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Acquisitions Property Plant & Equipment		-550 360 606	-505 082 520
Acquisitions Intangible assets		-750 000	-927 367
Acquisitions Investment property		-17 026 245	0
Increase/(decrease) in receivables		365 582	9 957 284
<b>Net cash from investment activities</b>		<b>-567 771 269</b>	<b>-496 052 603</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Recieve (repayment) of long term borrowing		5 399 184	-36 905 953
Receive (repayment) of consumer deposits		1 251 244	1 961 986
Receive (repayment) of finance lease liability		-25 324 403	-21 691 797
<b>Net cash from financing activities</b>		<b>-18 673 975</b>	<b>-56 635 764</b>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>-236 634 777</b>	<b>-99 594 571</b>
Cash and cash equivalents at beginning of the year	15	322 963 447	422 558 018
Cash and cash equivalents at end of the year	15	86 328 671	322 963 447

**POLOKWANE MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL FOR THE YEAR ENDED 30 JUNE 2016**

Description	2015/2016							
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of MFMA)	Virement (i.t.o Council approved policy)	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R		
	1	2	3	4	5	7	8	9
<b>Financial Performance</b>								
Property Rates	332 477 244	314 000 000	314 000 000	314 000 000	281 023 721	(32 976 279)	89.50	84.52
Service Charges-electricity revenue	793 523 342	793 523 342	793 523 342	793 523 342	764 663 908	(28 859 434)	96.36	96.36
Service Charges-water revenue	182 516 033	182 516 033	182 516 033	182 516 033	210 326 831	27 810 798	115.24	115.24
Service Charges-sanitation revenue	55 325 708	55 325 708	55 325 708	55 325 708	52 800 385	(2 525 323)	95.44	95.44
Service Charges-refuse revenue	63 982 984	63 982 984	63 982 984	63 982 984	64 253 431	270 447	100.42	100.42
Rental of facilities	21 711 177	19 711 177	19 711 177	19 711 177	12 342 192	(7 368 985)	62.62	56.85
Investment Revenue – external investments	31 000 000	37 000 000	37 000 000	37 000 000	27 592 762	(9 407 238)	74.58	89.01
Interest earned – outstanding debtors	31 800 000	25 800 000	25 800 000	25 800 000	54 307 169	28 507 169	210.49	170.78
Fines	13 725 784	13 725 784	13 725 784	13 725 784	17 128 585	3 402 801	124.79	124.79
Licenses and permits	9 569 079	9 570 079	9 570 079	9 570 079	8 100 962	(1 469 117)	84.65	84.66
Agency services	16 595 572	16 595 572	16 595 572	16 595 572	15 931 818	(663 754)	96.00	96.00
Transfers recognised - operational	678 860 000	678 860 000	678 860 000	678 860 000	616 432 887	(62 427 114)	90.80	90.80
Other revenue	173 376 077	268 005 664	268 005 664	268 005 664	187 481 214	(80 524 450)	69.95	108.14
<b>Total Revenue (Excluding capital transfers and contributions)</b>	<b>2 404 463 000</b>	<b>2 478 616 343</b>	<b>2 478 616 343</b>	<b>2 478 616 343</b>	<b>2 312 385 864</b>	<b>(166 230 479)</b>	<b>93.29</b>	<b>96.17</b>
Employee Costs	571 535 731	581 111 186	581 111 186	581 111 186	598 398 759	17 287 573	102.97	104.70
Remuneration of Councillors	25 779 550	28 348 587	28 348 587	28 348 587	27 019 623	(1 328 964)	95.31	104.81
Debt Impairment	50 000 000	50 000 000	50 000 000	50 000 000	76 708 428	26 708 428	153.42	153.42
Depreciation and asset impairment	205 000 000	205 000 000	205 000 000	491 964 008	475 210 190	(16 753 818)	96.59	231.81
Finance Charges	37 000 000	35 585 363	35 585 363	35 585 363	33 955 931	(1 629 432)	95.42	91.77
Bulk purchases	767 000 000	748 891 192	748 891 192	748 891 192	748 278 150	(613 042)	99.92	97.56
Other materials	143 798 966	203 941 962	203 941 962	203 941 962	199 521 474	(4 420 488)	97.83	138.75
Donations	6 480 000	17 180 000	17 180 000	17 180 000	17 180 000	-	100.00	265.12
Other Expenditure	482 239 353	451 911 710	451 911 710	451 911 710	586 464 904	134 553 194	129.77	121.61
Gain / (loss) on fair value adjustment/disposal/impairment of assets/Investment property			-		(31 469 828)	(31 469 828)	0.00	0.00
<b>Total Expenditure</b>	<b>2 288 833 600</b>	<b>2 321 970 000</b>	<b>2 321 970 000</b>	<b>2 608 934 008</b>	<b>2 731 267 632</b>	<b>122 333 624</b>	<b>104.69</b>	<b>119.33</b>
<b>Loss: Impairment of Assets</b>					-	-		
<b>Surplus/(Deficit)</b>	115 629 400	156 646 343	156 646 343	156 646 343	(418 881 768)	(575 528 111)	-267.41	-362.26
Transfer Recognised - capital	466 288 000	470 853 657	470 853 657	470 853 657	473 584 799	2 731 142	100.58	101.56
Contributions Recognised - capital & contributed assets				-	3 355 674	3 355 674	100.00	0.00
<b>Surplus/(Deficit) after capital transfer and contributions</b>	581 917 400	627 500 000	627 500 000	627 500 000	58 058 706	(569 441 294)	9.25	9.98
Share of Surplus/Deficit of associate	-	-	-	-	-	-		
<b>Surplus for the year</b>	<b>581 917 400</b>	<b>627 500 000</b>	<b>627 500 000</b>	<b>627 500 000</b>	<b>58 058 706</b>	<b>(569 441 294)</b>	<b>9.25</b>	<b>9.98</b>
<b>Capital expenditure and funds resources</b>					-			
<b>Capital Expenditure</b>								
Transfers recognised - Capital	466 288 000	470 854 000	509 097 000	509 097 000	473 584 799	(35 512 201)	93.02	101.56
Public Contributions and Donations	-	3 355 000	3 355 000	3 355 000	3 355 674	674	100.02	0.00
Internally generated funds	113 833 000	152 076 000	113 833 000	113 833 000	111 527 560	(2 305 440)	97.97	97.97
<b>Total sources of capital</b>	<b>580 121 000</b>	<b>626 285 000</b>	<b>626 285 000</b>	<b>626 285 000</b>	<b>588 468 033</b>	<b>(37 816 967)</b>	<b>93.96</b>	<b>101.44</b>
<b>Cash Flows</b>								
<b>Cash/cash equivalents at the beginning of the year</b>	236 990 000	322 963 000	322 963 000	322 963 000	322 963 447	447	100.00	136.28
Net Cash from (Used) operating	692 942 000	477 270 000	477 270 000	477 270 000	349 810 467	(127 459 533)	73.29	50.48
Net Cash from (Used) Investing	(558 581 000)	(601 258 000)	(601 258 000)	(601 258 000)	(567 771 269)	33 486 731	94.43	101.65
Net Cash from (Used) Financing	(56 100 000)	(56 100 000)	(56 100 000)	(56 100 000)	(18 673 975)	37 426 025	33.29	33.29
<b>Cash/cash equivalents at the year end</b>	315 251 000	142 875 000	142 875 000	142 875 000	86 328 671	(56 546 329)	60.42	27.38

For the purpose of calculating unauthorised expenditure on depreciation, the depreciation portion on the revalued component of assets are deducted from the real overspending.

The amount for 2014/15 is R287 269 083 and for 2015/16 R286 964 008. This was done in accordance with National Treasury Circular 58

Explanations for material variances of the Municipality's actual financial performance with the budgeted is set out in Appendix E.1

## **Accounting Policies**

### **1. Presentation of Annual Financial Statements**

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) prescribed by the Minister of Finance in terms of General Notice 991 and 992 of 2005. MFMA Section 122(3) also prescribes GRAP. These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

These accounting policies are consistent with the previous period.

#### **1.1 Significant judgments and sources of estimation uncertainty**

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgment is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgments include:

##### **Trade receivables / Held to maturity investments and/or loans and receivables**

The municipality assesses its loans and receivables for impairment at each reporting period. The municipality makes judgments as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset/liability

The impairment for loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

##### **Allowance for slow moving, damaged and obsolete stock**

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items.

The write down is included in the impairment of assets note.

##### **Fair value estimation**

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the municipality is the current bid price. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the prime interest rate that is available to the municipality for similar financial instruments.

### **Impairment testing**

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.

The municipality has identified all its capital assets, excluding Investment Property, as non-cash generating assets as it's the municipality's view that the primary objective of these assets are to provide a service and not to generate a commercial return.

### **Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in note 35 - Provisions.

### **Useful lives of assets**

The municipality's management determines the estimated useful lives and related depreciation charges. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

### **Post-retirement benefits**

The present value of the post retirement obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate. Any changes in these assumptions will impact on the carrying amount of post retirement obligations.

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 44.

### **Interest rate**

The municipality used the prime interest rate to discount future cash flows.

### **Allowance for doubtful debts**

An impairment loss is recognised in surplus and deficit when there is objective evidence that is irrecoverable. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the simple interest rate, computed at initial recognition.

### **Residual value**

The estimated value of an asset at the end of its useful life, or the value that remains at the end of the analysis period where the asset useful life exceeds the analysis period. The residual value is considered as a benefit (cash inflow) in the final year of the analysis period.

### **Inventories**

Unsold properties are taken at fair value on the date when the intention to dispose land has arisen to inventory from investment property on initial recognition.

### **Renewal- estimation of meter readings**

**POLOKWANE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

Where meter readings are not available, the readings are estimated as follows: \_

\* Where readings are not available other than as a result of a meter fault, estimations are done by using the consumption of the readings of the same period the preceeding year, or an average of any consecutive two months.

\* Where Council or the owner are of the opinion that the meter are at fault, such a meter must be replaced and send for testing. The results of the testing of the meters will determine the correction of the account as prescribed in the respective year's Tariff of Charges Policy.

**1.2 Presentation of Currency**

These annual financial statements are presented in South African Rand which is the functional currency of the municipality.

### **1.3 Going concern assumption**

In terms of the accounting standard GRAP 1 paragraphs 27 to 30 the annual financial statements are prepared on a going concern basis ie. The assumption that the Municipality will continue to operate as a going concern for at least the next 12 months. Refer to note 46

### **1.4 Comparative figures**

Current year comparatives

Budgeted amounts have been included in the statement of comparison of budget and actual amounts for the current financial year only.

Prior year comparatives

When presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

### **1.5 Offsetting**

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

#### **1.6.1 Housing development fund**

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were terminated on 1 April 1998 and transferred to a Housing Development Fund. Housing selling scheme, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

#### **1.6.2 Revaluation Reserve**

The surplus arising from the revaluation of land and buildings is credited to a revaluation reserve. The revaluation surplus is realised through a transfer from the revaluation reserve to the accumulated surplus/(deficit) on disposal, the net revaluation surplus is transferred to the accumulated surplus/(deficit) while gains or losses on disposal, based on re-valued amounts, are credited or charged to the Statement of Financial Performance.

## **1.7 Property, plant and equipment**

### **1.7.1 Initial recognition**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably

Property, plant and equipment is initially measured at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition. Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

### **1.7.2 Subsequent recognition**

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, except for land, community assets and infrastructure assets which are carried at revaluation amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Revaluations are made with sufficient regularity such that the carrying value does not differ materially from that which it would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is re-valued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after re-valuation equals its re-valued amount.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a re-valuation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the re-valued carrying amount and depreciation based on the original cost of the asset. If a revaluation is necessary, all assets of that class are revalued.

### **1.7.3 Depreciation**

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:-

#### **Item useful life range**

##### **Infrastructure**

→ Roads and stormwater	5-80 years
→ Electricity	3-50 years
→ Sanitation	15-100 years
→ Water	5-80 years
→ Housing	3-50 years
→ Landfill sites	15-50 years

##### **Community**

→ Sport and recreational facilities	5 - 50 years
→ Cemeteries	5 - 50 years
→ Halls	5 - 50 years
→ Libraries	5 - 50 years
→ Parks	5 - 50 years
→ Fire / Ambulance stations	5 - 50 years
→ Clinics	5 - 50 years
→ Sport fields	15 - 30 years
→ Stadium	50 years



Other	
→ Transport assets	5-15 years
→ Machinery and equipment	2-15 years
→ Computer equipment	3-7 years
→ Office equipment	3-10 years
→ Library books	10 years

Land is not depreciated as it is regarded as having an infinite useful life.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

### **1.8 Biological Assets**

#### **Initial Recognition**

A biological asset or agricultural produce is recognised when, and only when:

- the municipality controls the asset as a result of past events;
- it is probable that future economic benefits associated with the asset will flow to the municipality
- and the fair value or cost of the asset can be measured reliably.

#### **Subsequent Measurement:**

Biological assets are measured at their fair value less estimated point-of-sale costs.

The fair value of livestock is determined based on market prices of livestock of similar age, breed, and genetic merit. The fair value of milk is determined based on market prices in the local area. The fair value of the vine / pine plantations is based on the combined fair value of the land and the vines / pine trees. The fair value of the raw land and land improvements is then deducted from the combined fair value to determine the fair value of the vines / pine trees.

A gain or loss arising on initial recognition of agricultural produce at fair value less estimated point-of-sale costs is included in profit or loss for the period in which it arises.

Where market determined prices or values are not available, the present value of the expected net cash inflows from the asset, discounted at a current market-determined pre-tax rate is used to determine fair value.

An unconditional government grant related to a biological asset measured at its fair value less estimated point-of-sale costs is recognised as income when the government grant becomes receivable.

Where fair value cannot be measured reliably, biological assets are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is provided on biological assets where fair value cannot be determined, to write down the cost, less residual value. The annual depreciation rates are based on the following estimated average asset lives:

### **1.9 Heritage Assets**

#### **Recognition of Assets**

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

A heritage asset is further recognised as an asset only if:

- it is probable that future economic benefits or service potential associated with the asset will to the municipality; and
- the cost or fair value of the asset can be measured reliably.

#### Subsequent Measurement

Heritage asset is measured at its cost value and should it be acquired through a non-exchange transaction will it be measured at its fair value as at the date of acquisition and is carried at its cost less any accumulated impairment losses.

Heritage assets which are shown at cost, are not depreciated due to the uncertainty regarding their estimated useful lives, as reflected below:

Memorials & Statues	- indefinite life
Heritage Sites	- indefinite life
Museums	- indefinite life
Art Works	- indefinite life

Although a heritage asset is not depreciated, the asset is assessed for impairment at each reporting date to disclose whether there is an indication that it may be impaired.

#### De-recognition of Asset

The carrying amount of a heritage is de-recognised:

- on disposal, or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the de-recognition, of a heritage asset should be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

### **1.10 Investment Property**

#### **Initial recognition and measurement**

Investment property includes property held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services or the sale of an asset in the ordinary course of operations.

Investment Property is initially recognised when future economic benefits or service potential are probable and the cost or fair value can be determined reliably.

At initial recognition, the entity measures investment property at cost including transaction costs once it meets the definition of investment property.

Where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property (property, plant and equipment), the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the entity accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

The cost of day to day servicing of investment property is recognised in the Statement of Financial Performance as incurred.

#### **Subsequent measurement**

##### **Fair value model**

Investment property is measured using the fair value model. This entails determining the fair value of investment properties on a regular basis. To the extent that the fair value model is applied investment property is not depreciated. Fair value gains / losses that result from the revaluation are recognised in the Statement of Financial Performance.

##### **Derecognition**

An Investment Property is derecognised when there is a disposal or no future economic benefits or service potential are to be derived from the property. All gains or losses, which result from the derecognition, are recognised in the Statement of Financial Performance.

#### **1.11 Inventories**

Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, then their costs are their fair valued as at the date of acquisition.

Inventories are measured at the lower of cost and net realisable value.

The cost at reporting date comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories is assigned using the weighted average method. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

Unsold properties are at the lower cost and net realisable value. Direct cost are accumulated for each separately identifiable development. Cost also includes a portion of the overhead costs.

### **1.12 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity. The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or un-collectability.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related. Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

De-recognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment,

call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, (see the Standard of GRAP on Revenue from Exchange Transactions) transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
  - receive cash or another financial asset from another entity; or
  - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in

market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
  - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
  - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
- non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
- financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

### **Classification**

The municipality has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

### **Class Category**

Long term liabilities Financial liability measured at amortised cost

Trade and other payables Financial liability measured at amortised cost

### **Initial recognition**

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument. The entity recognises financial assets using trade date accounting.

### **Initial measurement of financial assets and financial liabilities**

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. The entity first assesses whether the substance of a concessionary its loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately.

The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

### **Subsequent measurement of financial assets and financial liabilities**

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

### **Fair value measurement considerations**

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation

technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, an entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data. The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

### **Reclassification**

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value.

This requires a reclassification of the instrument from amortised cost or cost to fair value. If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

### **Gains and losses**

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit. For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

### **Impairment and un-collectability of financial assets**

The entity assess at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly or by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

### **Financial assets measured at cost**

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

## **De-recognition**

### **Financial assets**

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity derecognise the asset and recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for de-recognition in its entirety and retains the right to service the financial asset for a fee, it recognise either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit. If the transferred asset is part of a larger financial asset and the part transferred qualifies for de-recognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in de-recognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continue to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.



### **Financial liabilities**

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

### **Presentation**

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Dividends or similar distributions relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit. Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Distributions to holders of residual interests are debited by the entity directly to net assets, net of any related income tax benefit. Transaction costs incurred on residual interests is accounted for as a deduction from net assets, net of any related income tax benefit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. In accounting for a transfer of a financial asset that does not qualify for de-recognition, the entity does not offset the transferred asset and the associated liability.

### **1.13 Revenue from exchange transactions**

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

### **Measurement**

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

### **Sale of goods**

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

### **Rendering of services**

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable. Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by.

### **Interest, royalties and dividends**

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method. Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends, or their equivalents are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

#### **1.14 Revenue from non-exchange transactions**

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arises when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange. Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified. Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality. Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law. Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

#### **Recognition**

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

## **Measurement**

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality. When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

## **Transfers**

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset. The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset. Transferred assets are measured at their fair value as at the date of acquisition.

## **Fines**

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset. Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality. Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

## **Bequests**

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality, and the fair value of the assets can be measured reliably.

## **Gifts and donations, including goods in-kind**

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

## **1.15 Grants and receipts**

### **Conditional Grants**

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

### **Unconditional Grants**

Revenue received from unconditional grants have no conditions attached and are recognised as revenue upon receipt.

## **1.16 Provisions and contingencies**

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to

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settle the present obligation at the reporting date. Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation. Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense. A provision is used only for expenditure for which the provision was originally recognised. Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision. No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding agreement.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 33.

#### **1.17 Unauthorised expenditure**

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote;
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

#### **1.18 Irregular expenditure**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), The Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure.

Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

#### **1.19 Fruitless and wasteful expenditure**

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

## **1.20 Leases**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

### **Finance leases – lessee**

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease. The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

### **Operating leases – lessor**

Operating lease income is recognised as an income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in the statement of financial performance.

### **Operating leases – lessee**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

## **1.21 Intangible assets**

An asset is identified as an intangible asset when it:

- . is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- . arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired at no or nominal cost, the cost shall be its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these property, plant and equipment. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end. Reassessing the useful life of an intangible asset with a definite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Computer software, internally generated 3 - 5 years  
Computer software, other 3 - 5 years

Amortisation begins when the asset is available for use.

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.



### **1.22 Impairment of cash-generating assets**

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

#### **Identification**

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired. The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

#### **Cash-generating units**

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit. Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

#### **Reversal of impairment loss**

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

#### **Re-designation**

The re-designation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a re-designation is appropriate.

### **1.23 Impairment of non-cash-generating assets**

Non-cash-generating assets are assets other than cash-generating assets.

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. In assessing whether there is an indication that an asset may be impaired, management considers both external and internal indicators (sources of information).

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

#### **Value in use**

Value in use of an asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of an asset is determined using the following approach:

##### **Depreciated replacement cost approach**

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

##### **Restoration cost approach**

Restoration cost is the cost of restoring the service potential of a cash-generating asset to its pre-impaired level. The present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.

##### **Service units approach**

The present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform to the reduced number of service units expected from the asset in its impaired state. The current cost of replacing the remaining service potential of the asset before impairment is determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

### **Recognition and measurement**

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss. An impairment loss is recognised immediately in surplus or deficit. Any impairment loss of a re-valued non-cash-generating asset is treated as a revaluation decrease. When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP. After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

### **Reversal of an impairment loss**

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase. After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

### **Re-designation**

The re-designation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a re-designation is appropriate.

### **1.24 Employee benefits**

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees. A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or

→ an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment. Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

### **Short-term employee benefits**

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cell phones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measure the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The entity recognise the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

### **Post-employment benefits**

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment. Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

#### **Post-employment benefits: Defined contribution plans**

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognise the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of each reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

#### **Post-employment benefits: Defined benefit plans**

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the municipality recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting municipality) that are held by an municipality (a fund) that is legally separate from the reporting municipality and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting municipality's own creditors (even in liquidation), and cannot be returned to the reporting municipality, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting municipality; or
- the assets are returned to the reporting municipality to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period. Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies. The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself. The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the municipality's informal practices. Informal practices give rise to a constructive obligation where the municipality has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the municipality's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The municipality measure the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The municipality determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date. The municipality recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability)

The municipality uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an municipality shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an municipality shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The municipality recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the municipality re-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices). When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

The municipality offsets an asset relating to one plan against a liability relating to another plan when the municipality has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

#### **Actuarial assumptions**

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled. The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money.

The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
  - those changes were enacted before the reporting date; or
  - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Pension Obligations: The municipality and its employees contribute to 7 different Pension Funds, of which 3 (The Municipal Employees Pension Fund, Municipal Gratuity Fund and Samwu National Provident Fund) cater for the majority of the staff. The Joint Municipal Pension Fund, Municipal Employees Pension Fund, Municipal Gratuity Fund, Samwu National Provident Fund, Municipal Councillors Pension Fund, Government Employees Pension Fund and National Fund for Municipal Workers are defined contribution funds.

The schemes are funded through payments to financial consultant companies or trustee-administered funds, determined by periodic actuarial calculations. The Municipality has both defined benefit and defined contribution plans. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined contribution plan is a pension plan under which the Municipality pays fixed contributions into a separate entity. The Municipality has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Municipality pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Municipality has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.



### **1.25 Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any investment income on the temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the municipality on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when all the following conditions have been met:

- expenditures for the asset have been incurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are undertaken.

When the carrying amount or the expected ultimate cost of the qualifying asset exceeds its recoverable amount or recoverable service amount or net realisable value, the carrying amount is written down or written off in accordance with the accounting policy on Impairment of Assets as per accounting policy number 1.22. In certain circumstances, the amount of the write-down or write-off is written back in accordance with the same accounting policy.

Capitalisation is suspended during extended periods in which active development is interrupted. Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. All other borrowing costs are recognised as an expense in the period in which they are incurred.

### **1.26 Investments**

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

### **1.27 Grants in aid**

The Polokwane Municipality transfers money to individuals, institutions and organisations. When making these transfers, The Municipality does not receive any goods or services directly in return, as would be expected in a purchase or sale transaction. Expect to be repaid in future; or Expect a financial return, as would be expected from an investment. These transfers are recognised in the financial statements as expenses in the period that the events giving rise to the transfer occurred.

### **1.28 Presentation of Budget Information in the Financial Statements**

The Municipality shall present a comparison of the budget amounts for which it is held publicly accountable and actual amounts either as a separate additional financial statement or as additional budget columns in the financial statements currently presented in accordance with Standards of GRAP. The comparison of budget and actual amounts shall present separately for each level of legislative oversight:

- the approved and final budget amounts;
- the actual amounts on a comparable basis; and
- by way of note disclosure, an explanation of material differences between the budget for which the entity is held publicly accountable and actual amounts, unless such explanation is included in other public documents issued in conjunction with the financial statements, and a cross reference to those documents is made in the notes.

Where an entity prepares its budget and annual financial statements on a comparable basis, it includes the comparison as an additional column in the primary annual financial statements. Where the budget and annual financial statements are not prepared on a comparable basis, a separate statement is prepared called the 'Statement of Comparison of Budget and Actual Amounts'. This statement compares the budget amounts with the amounts in the annual financial statements adjusted to be comparable to the budget.

A comparable basis means that the budget and annual financial statements:

- are prepared using the same basis of accounting i.e. either cash or accrual;
- include the same activities and entities;
- use the same classification system; and
- are prepared for the same period.

### **1.29 Commitments**

Items are classified as commitment where the municipality commits itself to future transactions that will normally result in the outflow of resources. Commitments are not recognised in the Statement of Financial Position as a liability, but are included in the disclosure notes in the following cases:

- approved and contracted commitments;
- where the expenditure has been approved and contract has been awarded at the reporting date; and
- where disclosure is required by specific standard of GRAP.

### **1.30 Changes in accounting policy**

The Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice on a basis consistent with prior year except for the adoption of the following new standards:

GRAP 25 Employee benefits

The change in accounting policy did not have any effect on the financial statements for the year ended 30 June 2016.

## **2. New standards and interpretations**

## 2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations.

### **GRAP 18: Segment Reporting - Issued March 2005**

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the entity. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the entity's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

This Standard has been approved by the Board but its effective date has not yet been determined by the Minister of Finance. The effective date indicated is a provisional date and could change depending on the decision of the Minister of Finance.

The effective date of the standard is for years beginning on or after 01 April 2011.

The municipality expects to adopt the standard for the first time in the 2012 annual financial statements. It is unlikely that the standard will have a material impact on the municipality's annual financial statements.

### **GRAP 20: Related Party – Issued June 2011**

Related party relationships exist throughout the public sector, because:

- (a) The Municipality is subject to the overall direction of an executive government or Council and ultimately, parliament, and operate together to achieve the policies of the government
- (b) The Municipality conduct activities necessary for the achievement of different parts of their responsibilities and objectives through separate controlled entities, and through entities over which they have significant influence
- (c) Public entities enter into transactions with other government entities on a regular Basis, and
- (d) Ministers, councillors or other elected or appointed members of the government and other members of management can exert significant influence over the operations of an entity.

The mere existence of related party relationships means that one party can control, jointly control or significantly influence the activities of another party. This provides the opportunity for transactions to occur on a basis that may give one party an advantage at the expense of another. Therefore the disclosure of related party transactions, outstanding balances, and the relationship underlying those transactions is necessary for accountability purposes.

Management could hold positions of responsibility within an entity and therefore members of management will be responsible for the strategic direction and operational management of an entity and are entrusted with significant authority. However, their responsibilities may enable them to influence the benefits of office that flow to them, or their related parties or parties that they represent on the governing body.

Close members of the family of persons related to the entity may influence, or be influenced by them in their transactions with the entity.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The effective date of the standard has not yet been determined.

The municipality does not envisage the adoption of the standard until such time as it becomes applicable to the municipality's operation.

At present the impact of the standard is not material.

**"GRAP 105: Transfer of Functions between Entities under Common Control – Issued November 2010"**

"The compliance to the standard would have no effect on the present presentation of the Annual Financial Statement. However should in the future it be necessary to transfer functions between entities under common control will the accounting policy be amended to cater for such transfer."

**"GRAP 106: Transfer of Function between Entities Not Under Common Control – Issued November 2010"**

"The compliance to the standard would have no effect on the present presentation of the Annual Financial Statement. However should in the future it be necessary to transfer functions between entities not under common control will the accounting policy be amended to cater for such transfer."

**GRAP 107: Mergers – Issued November 2010**

"The compliance to the standard would have no effect on the present presentation of the Annual Financial Statement. However should in the future there be a merger between entities will the accounting policy be amended to cater for such merger transactions and disclosure."

**GRAP 32: Service Concession Agreement – Issued November 2013**

"The compliance to the standard would have no effect on the present presentation of the Annual Financial Statement. However should in the future there be service concession agreements involving the entity will the accounting policy be amended to cater for such transactions and disclosure."

**GRAP 108: Statutory Receivables – Issued September 2013**

"The compliance to the standard would have no effect on the present presentation of the Annual Financial Statement. However should in the future there be a statutory receivables involving the entity will the accounting policy be amended to cater for such transactions and disclosure."

**GRAP 109: Accounting by Principals and Agents – Issued July 2015**

"The compliance to the standard would have no effect on the present presentation of the Annual Financial Statement. However should in the future there be principal-agent relationships involving the entity will the accounting policy be amended to cater for such transactions and disclosure."

**POLOKWANE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2016 R	2015 R Restated
<b>2. HOUSING DEVELOPMENT FUND</b>		
Unappropriated Surplus	0	6 955 962
Loans extinguished by Government on 1 April 1998	0	3 975 991
	0	2 979 971
The Housing Fund is represented by the following assets:		
Housing selling scheme loans	0	166 836
Bank and cash	0	9 189 304
	0	6 955 962
Opening Balance	6 955 962	10 444 441.98
Contributions	19 675	-3 488 480
Transfer to revenue	-6 975 637	0
Closing balance	0	6 955 962
Council took a decision to pay (NHFC) Polokwane Housing Agency Loan which was funded through Housing Development Fund		
The balance of the Fund was transferred to revenue during the 2015/16 Adjustment Budget. The funds were then transferred to Polokwane Housing Agency. Refer to note 27		
<b>3. RESERVES</b>		
<b>Revaluation Reserve</b>	<b>3 408 519 201</b>	<b>3 433 074 767</b>
- Balance Beginning of the Year	3 433 074 767	3 440 548 904
- Derecognition/ impairment	(24 555 567)	(7 474 137)
Revaluation of Land	-	-
<b>4. BORROWINGS</b>		
<b>Non-Current Borrowings</b>		
Local Registered Stock loans	0	136 829
Annuity loans	165 622 038	187 887 558
	165 622 038	188 024 387
<b>Current Portion of Borrowings</b>	<b>65 065 521</b>	<b>37 263 987</b>
Local Registered Stock loans	-	27 799
Annuity loans	65 065 521	37 236 188
	230 687 558	225 288 375
Refer to Appendix A for more detail on long term liabilities.		
The Fair value of all long term loans approximates their book value.		
<b>Long term loan commitments:</b>		
The Municipality had entered into a loan agreement with the Development Bank of Southern Africa in February 2011 to borrow R320 million at a interest rate of 8.875% over 10 years. The last installment is repayable on 30 June 2021.		
The Municipality had entered into a loan agreement with the Development Bank of Southern Africa in February 2011 to borrow R50 million at a interest rate of 11.52% over 10 years. The last installment is repayable on 30 June 2020.		
The Municipality had entered into a loan agreement with the Development Bank of Southern Africa in February 2016 to borrow R42,8 million at a interest rate of 9.00% over 1.96 years. The last installment is repayable on 30 June 2018. The loan will be funded through Integrated National Electrification Programme Grant.		
The Stock loans are from different sporting bodies at an interest rate of 10% repayable over 20 years. The last loans are repayable in 2016.		
No loans are secured against any assets of the Municipality		
<b>5. CONSUMER DEPOSITS</b>		
Water and electricity & other	68 863 503	67 612 259
Guarantees held in lieu of electricity and water deposits	9 772 800	9 772 800

**POLOKWANE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	<b>2016</b>	<b>2015</b>
	<b>R</b>	<b>R</b>
<b>6. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Trade Creditors	151 334 192	156 237 215
Amounts received in advance	49 068 298	40 815 700
Deferred income elec pre-paid	4 020 914	4 060 115
Leave bonus (13th cheque)	12 544 832	10 145 041
Staff leave	82 607 480	66 759 454
Retention withheld on projects	49 257 064	48 026 978
Unidentified receipts	19 487 590	25 191 392
Other	1 844 541	1 544 641
	<b><u>370 164 912</u></b>	<b><u>352 780 535</u></b>

**7. CURRENT UNSPENT CONDITIONAL GRANTS FROM GOVERNMENT AND PUBLIC DONATIONS**

Public Transport Infrastructure and Systems Grant	0	28 167 868
Municipal Infrastructure Grant	0	133 711 394
Limpopo Provincial Government	2 949 710	2 949 710
Water Services Refurbishment Grant	0	20 840 184
Housing Accreditation Grant	427 591	404 429
Neighbourhood Development Partnership Grant	8 450 451	5 705 692
National Lottery	0	3 355 674
	<b><u>11 827 752</u></b>	<b><u>195 134 950</u></b>

See note 19 and 20 for reconciliation of unspent grants. These amounts are invested until utilised.







**POLOKWANE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**8 PROPERTY, PLANT & EQUIPMENT**

	Land	Community Facilities	Infrastructure	Other and Movable	Finance lease	Total
	R		R	R	R	R
<b>Carrying values at 30 June 2014</b>	<b>170 302 341</b>	<b>1 616 048 471</b>	<b>6 745 418 186</b>	<b>68 717 437</b>	<b>106 132 303</b>	<b>8 706 618 738</b>
Cost	170 302 341	3 088 417 756	13 775 214 249	159 986 815	129 753 438	17 323 674 599
Accumulated Impairment	0	-8 402	-19 021	0	0	-27 423
Accumulated depreciation – cost	0	-1 472 360 883	-7 029 777 043	-91 269 378	-23 621 135	-8 617 028 438
Acquisitions	610 000	2 960 191	232 815 205	16 134 079	677 229	253 196 704
Capital Work in Progress	0	27 547 384	233 256 939			260 804 323
Depreciation – based on cost	0	-94 245 363	-399 651 478	-25 112 105	-26 085 762	-545 094 709
Impairment	0	-122 883	0			-122 883
Loss on disposal of assets	0	0	-17 128 752	-8 719 968	0	-25 848 720
Cost	0	0	-28 092 157	-41 453 868		-69 546 025
Accumulated depreciation	0	0	10 963 405	32 733 899	0	43 697 305
<b>Carrying values at 30 June 2015</b>	<b>170 912 341</b>	<b>1 552 187 799</b>	<b>6 794 710 100</b>	<b>51 019 443</b>	<b>80 723 770</b>	<b>8 649 553 453</b>
Cost	170 912 341	3 118 925 330	14 213 194 236	134 667 028	130 430 667	17 768 129 602
Accumulated Impairment	0	-131 285	-19 021	0	0	-150 306
Accumulated depreciation – cost	0	-1 566 606 246	-7 418 465 115	-83 647 585	-49 706 897	-9 118 425 843
Acquisitions	67 421 000	3 812 586	579 347 724	20 352 921		670 934 231
Transfer	-1 000	0		0		-1 000
Capital Work in Progress		48 348 632	-168 921 258	0		-120 572 626
Depreciation – based on cost		-91 203 059	-336 357 118	-20 501 018	-26 157 602	-474 218 797
Loss on disposal of assets			-49 097 151	-487 180		-49 584 331
Cost			-86 944 187	-4 733 958		-91 678 145
Accumulated depreciation			37 847 035	4 246 778		42 093 814
<b>Carrying values at 30 June 2016</b>	<b>238 332 341</b>	<b>1 513 145 959</b>	<b>6 819 682 297</b>	<b>50 384 166</b>	<b>54 566 168</b>	<b>8 676 110 930</b>
Cost	238 332 341	3 171 086 549	14 536 676 515	150 285 990	130 430 667	18 226 812 062
Accumulated Impairment	0	-131 285	-19 021	0	0	-150 306
Accumulated depreciation – cost	0	-1 657 809 305	-7 716 975 198	-99 901 824	-75 864 499	-9 550 550 825

Refer to Appendix B for more detail on property, plant & equipment, including the capital under construction.

Infrastructure and Community Assets: Annual review meetings were conducted with all Strategic Business Units during which impairment triggers and asset performance indicators were discussed and none were noted. In addition, physical field assessments were conducted where information pertaining to the condition and performance of these assets were recorded and further analysed.

Capital work in progress: The following table indicates the opening balances and yearly movements:

	Community assets	Infrastructure Assets	Total
<b>Opening Balance at 1 July 2015</b>	<b>24 155 219</b>	<b>281 977 518</b>	<b>306 132 737</b>
Additional cost	30 073 470	466 406 544	496 480 014
Transfers to asset register	(2 526 086)	(233 149 605)	(235 675 691)
<b>Closing balance as at 30 June 2015</b>	<b>51 702 603</b>	<b>515 234 457</b>	<b>566 937 060</b>
Additional cost	48 842 115	411 045 851	459 887 967
Transfers to asset register	(493 483)	(579 967 109)	(580 460 592)
<b>Closing balance as at 30 June 2016</b>	<b>100 051 235</b>	<b>346 313 199</b>	<b>446 364 435</b>

Movable assets: During the asset verification movable assets were identified which were not previously included in the asset register. These assets were fair valued. The fair value of an asset is represented by a depreciated replacement cost, which in turn is a product of the assessed condition of the asset and comparable prices within an active markets of identical/similar assets.

Refer to note 29 for the disclosure of the effect of the prior period adjustment.

During the year Remaining Useful Lives were reviewed on all depreciable assets and adjusted where necessary. Refer to note 45 for the effect of the change in estimate.

Land: Properties to the value of R725 452 000 for which title deeds are registered under the name of the Municipality, have not been included in the Municipality's financial records. These properties are represented by ex R 293 and other land parcels, vacant and improved, over which the municipality does not execute any form of control or have any legal claim to ownership.

As at 30 June 2016 all impaired assets are carried at value in use.

Assets are not pledged as collateral.

**8.1 INTANGIBLE ASSETS**

	2 016	2 015
	R	R
<b>Carrying Value Opening Balance</b>	<b>2 315 361</b>	<b>3 117 657</b>
Cost	11 574 990	10 647 623
Accumulated amortisation	-9 259 629	-7 529 966
Acquisitions	750 000	927 367
Impairment		-192 299
Amortisation and impairment– based on cost	-991 393	-1 537 363
Cost	-1 771 295	0
Accumulated amortisation	1 771 295	0
<b>Carrying Value Closing Balance</b>	<b>2 073 968</b>	<b>2 315 361</b>
Cost	10 553 695	11 574 990
Accumulated amortisation	-8 479 727	-9 259 629

**Reconciliation of Intangible Assets - 2016**

	Carrying value Opening Balance R	Additions R	Capital Work in Progress R	Amortisation/Transfer R	Carrying value Closing Balance R
Computer infrastructure/systems	2 166 626	750 000	0	-805 362	2 111 264
Aerial photographs	148 735	0	0	-148 736	0
	<b>2 315 361</b>	<b>750 000</b>	<b>0</b>	<b>-954 098</b>	<b>2 111 264</b>

**Reconciliation of Intangible Assets - 2015**

	Carrying value Opening Balance R	Additions R	Capital Work in Progress R	Amortisation R	Carrying value Closing Balance R
Computer infrastructure/systems	2 820 592	927 367	0	-1 389 034	2 166 626
Aerial photographs	297 065	0	0	-148 330	148 735
	<b>3 117 657</b>	<b>927 367</b>	<b>0</b>	<b>-1 537 364</b>	<b>2 315 361</b>

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

**8.2. INVESTMENT PROPERTY**

	2016 R	2015 R
<b>Carrying Value Opening Balance</b>	<b>617 158 459</b>	<b>624 423 999</b>
Fair Value	617 158 459	624 423 999
Acquisitions	17 025 245	
Fair value adjustment	24 304 533	23 822 460
Transfer	1 000	(31 088 000.00)
<b>Fair Value</b>	<b>658 489 238</b>	<b>617 158 459</b>

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Per accounting policy note 1.10, the municipality is on the fair value model for investment property.

No Investment Properties were pledged as security.

There are no restrictions on investment properties.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

The values were determined by an external Professional Valuer registered with the South African Council for the Property Valuers Profession, Registration No. 5000/05

The value of investment property, comprising of land and buildings was determined by using a combination of valuation approaches. Each of these approaches assessed the relevance of each specific property based on their nature, use and comparable market transactions.

The preferred valuation methodology applied to vacant land was that of comparable market related sales, based on use, location and extent. In cases where no reasonable comparable sales were available, the discounted cash flow methodology was used based on market related rentals for similar properties.

Investment Properties were fair valued by Zack van der Merve, a registered professional valuer, registration number: (SACPVP) - Valuer: 4973.

**8.3 HERITAGE ASSETS**

	2016 R	2015 R
<b>Carrying Value Opening Balance</b>	<b>15 609 153</b>	<b>3 671 704</b>
Cost	15 609 153	15 609 153
Changes in fair value adjustments		
<b>Carrying Value Closing Balance</b>	<b>15 609 153</b>	<b>15 609 153</b>

Where practical, heritage assets were valued on the replacement value method and retrospectively restated on 1 July 2012 in accordance with the transitional provision applicable to GRAP 103. However, due to the nature of certain heritage assets, it is not possible or practical to establish a fair value associated with these assets and have been recognised in accordance with GRAP 103.94.

**8.4 BIOLOGICAL ASSETS**

	2016 R	2015 R
<b>Carrying Value Opening Balance</b>	<b>14 277 750</b>	<b>16 633 000</b>
Fair value	14 277 750	16 633 000
Changes in fair value adjustments	(6 190 029)	-1 626 750
Carrying value of disposals		(728 500)
<b>Carrying Value Closing Balance</b>	<b>8 087 721</b>	<b>14 277 750</b>
<b>Fair value</b>	<b>8 087 721</b>	<b>14 277 750</b>

All biological assets relate to game.

There were 1,162 game at year end. (2015: 1,789)

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

9.	<b>INVESTMENTS</b>	2016 R	2015 R Restated
	<b>Long Term Investments</b>		
	Standard Bank (Credit rating BBB-)	58 999 800	58 999 800
	Call Account: 338711465(001)		
	Investment in municipal entity (PHA)	1 000	1 000
		<b>59 000 800</b>	<b>59 000 800</b>
	<b>Total Investments</b>	<b>59 000 800</b>	<b>59 000 800</b>
	Council's valuation of investments	<b>59 000 800</b>	<b>59 000 800</b>
	Polokwane Municipality has a 100% controlling interest in PHA. The subsidiary provide social housing to the community. Investments are held to maturity.		
	The Standard Bank long term investment serves as guarantee for Eskom bulk purchases		
10	<b>RECEIVABLES</b>		
	Housing selling scheme loans	163 829	166 836
	Sport loans	0	187 670
	Erven loans	5 512 448	5 687 352
	<b>Total Receivables</b>	<b>5 676 276</b>	<b>6 041 858</b>
	<b>Current Portion Transferred to Current Receivables</b>	<b>5 466 104</b>	<b>5 666 187</b>
	Housing selling scheme loans	3 317	2 241
	Sport loans	0	27 799
	Erven loans	5 462 787	5 636 147
	<b>Non-Current Portion of Receivables</b>	<b>210 173</b>	<b>375 671</b>
	<b>Housing selling scheme loans</b>		
	These loans attract interest rates at 9% and were given over a period of 30 years.		
	<b>Sport loans</b>		
	These loans were given to sporting bodies at an interest rate of 10% repayable over 20 years. The remaining loans are repayable in 2016.		
	<b>Erven loans</b>		
	These loans were granted to the community for the purchase of stands. The loans attract interest rates at 9% over a period of 5 years.		
11.	<b>INVENTORY</b>		
	<b>Opening balance of inventories</b>	36 214 414	40 386 116
	Consumables stores - at cost	35 817 952	39 976 306
	Water	396 462	409 810
	<b>Additions</b>	<b>194 465 412</b>	<b>192 415 318</b>
	Consumables stores	38 615 530	35 252 490
	Water	155 849 882	157 162 828
	<b>Issued (Expensed)</b>	<b>(190 656 889)</b>	<b>-196 587 020</b>
	Consumables stores	(34 988 541)	-39 410 845
	Water	(155 668 347)	-157 176 175
	<b>Closing balances of inventories</b>	<b>40 022 938</b>	<b>36 214 414</b>
	Consumable stores - at cost	39 444 941	35 817 951
	Water - at cost	577 997	396 463
	Consumable stores are disclosed at the lower of cost or net realisable value in line with the accounting policy on the weighted average calculation method. No inventory is pledged as security		
	Inventory were corrected and consist of the following: Surplus inventory to the value of R1 546 Shortages to the value of (R51 092) Damaged stock written off (R55 743) Stolen cables written off (R86 148) Transformers transferred to PPE (R3 830 731) Fuel shortages and other corrections to the value of (R371 116)		

**POLOKWANE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2016 R	2015 R
<b>12. TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS UNLESS SPECIFIED OTHERWISE</b>		
Consumer Debtors	869 170 392	749 917 521
Sale of water and electricity 15 to 30June	<u>33 520 552</u>	<u>29 314 507</u>
	<b><u>902 690 944</u></b>	<b><u>779 232 028</u></b>
Less Provision for bad debts	(467 537 610)	(408 535 232)
Plus outstanding RD cheques	<u>1 445 967</u>	<u>1 661 740</u>
	<b><u>436 599 301</u></b>	<b><u>372 358 535</u></b>
<b>Ageing of consumer debtors</b>		
Current (0-30 days)	151 747 559	120 281 619
31-60 days	56 993 973	42 689 915
61-90 days	35 920 905	32 093 030
91-120 days	29 656 657	31 355 934
120+ days	<u>628 371 850</u>	<u>552 811 529</u>
	<b><u>902 690 944</u></b>	<b><u>779 232 028</u></b>
<b>Consumer debtors per category</b>		
Government	33 505 771	69 298 510
Business	133 235 558	188 929 212
Individuals	733 899 691	435 502 116
Other	<u>2 049 924</u>	<u>85 502 192</u>
	<b><u>902 690 944</u></b>	<b><u>779 232 030</u></b>
<b>The analysis and ageing of consumer debtors per service.</b>		
<b>Water</b>		
Current (0-30 days)	39 180 669	26 647 517
31-60 days	20 777 730	15 843 812
61-90 days	14 421 343	10 311 891
91-120 days	12 072 557	11 184 222
120+ days	<u>214 998 049</u>	<u>159 370 194</u>
	<b><u>301 450 348</u></b>	<b><u>223 357 637</u></b>
<b>Electricity</b>		
Current (0-30 days)	69 064 436	60 968 854
31-60 days	17 025 075	12 710 231
61-90 days	10 206 550	8 552 907
91-120 days	8 356 895	6 764 954
120+ days	<u>77 844 129</u>	<u>63 049 893</u>
	<b><u>182 497 086</u></b>	<b><u>152 046 839</u></b>
<b>Property Rates - Non Exchange Transactions</b>		
Current (0-30 days)	31 036 597	21 274 353
31-60 days	10 476 074	9 396 886
61-90 days	7 789 461	8 463 106
91-120 days	6 372 213	6 159 934
120+ days	<u>117 169 233</u>	<u>113 962 091</u>
	<b><u>172 843 577</u></b>	<b><u>159 256 370</u></b>
<b>Sewerage</b>		
Current (0-30 days)	3 683 834	3 467 252
31-60 days	1 768 617	1 549 319
61-90 days	1 145 039	1 168 710
91-120 days	937 271	968 778
120+ days	<u>14 844 975</u>	<u>12 821 937</u>
	<b><u>22 379 737</u></b>	<b><u>19 975 996</u></b>
<b>Refuse</b>		
Current (0-30 days)	5 049 835	4 942 416
31-60 days	2 310 964	2 121 804
61-90 days	1 572 305	1 546 124
91-120 days	1 299 322	1 323 367
120+ days	<u>25 520 367</u>	<u>20 112 264</u>
	<b><u>35 752 792</u></b>	<b><u>30 045 974</u></b>
<b>Other Consumer Receivables</b>		
Current (0-30 days)	3 732 188	2 981 228
31-60 days	4 635 512	1 067 863
61-90 days	786 208	2 050 293
91-120 days	618 400	4 954 679
120+ days	<u>177 995 097</u>	<u>183 495 150</u>
	<b><u>187 767 405</u></b>	<b><u>194 549 212</u></b>
<b>Total outstanding</b>	<b><u>902 690 944</u></b>	<b><u>779 232 028</u></b>
<b>Reconciliation of bad debt provision</b>		
Balance at beginning of year	408 535 232	376 587 984
Contributions to provision	75 691 336	114 596 050
Bad debts recovered/(written off) against provision	<u>(16 688 959)</u>	<u>(82 648 802)</u>
<b>Balance at year end</b>	<b><u>467 537 610</u></b>	<b><u>408 535 232</u></b>

**POLOKWANE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

		2016 R	2015 R
<b>13</b>	<b>OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS UNLESS SPECIFIED OTHERWISE</b>		
	Other debtors	591 722	742 287
	Stock adjustments- Non exchange	628 847	5 134 398
	Fines - Non exchange	13 659 618	1 269 690
	SARS dispute VAT	5 135 255	
	Computicet	0	112 065
	Banks- Accrued Interest	1 020 463	1 217 763
	Amounts paid in advance	5 872 847	5 146 490
	Deposits	684 874	655 174
		<u>27 593 625</u>	<u>14 277 866</u>
	<b>13.1 Provision for outstanding traffic fines</b>	29 262 695	14 536 586
	Carrying amount at beginning of year	4 463 166	15 818 004
	Additions during the year	(3 448 075)	(1 091 895)
	Reductions during the year	<u>30 277 787</u>	<u>29 262 695</u>
	Carrying amount at end of year		
<b>14</b>	<b>VAT - EXCHANGE TRANSACTIONS</b>		
	VAT Claimable (Not due)	17 119 487	17 234 943
	VAT Payable (Output)	-54 185 717	-41 360 351
	Nett VAT refundable by SARS	14 491 317	42 503 315
		<u>-22 574 912</u>	<u>18 377 908</u>
	VAT is payable on cash basis.		
<b>15</b>	<b>CASH AND CASH EQUIVALENTS</b>		
	The municipality has the following bank accounts:		
	<b>Current account (primary bank account)</b>		
	Standard Bank: Polokwane	17 571 631	66 106 200
	Account number: 030172349		
	Cash book balance at end of year	<u>17 571 631</u>	<u>66 106 200</u>
	<b>Current account (DBSA)</b>		
	Standard Bank: Polokwane	3	
	Account number: 80472818		
	Cash book balance at end of year	<u>3</u>	<u>0</u>
	<b>Current account (Conditional Grants)</b>		
	Standard Bank: Polokwane	68 304 737	226 428 108
	Account number: 251753846		
	Cash book balance at end of year	<u>68 304 737</u>	<u>226 428 108</u>
	<b>Current Account (People Housing Project)</b>		
	Standard Bank: Polokwane	427 591	404 429
	Account number: 330535269		
	Cash book balance at end of year	<u>427 591</u>	<u>404 429</u>
	<b>Short Term Fixed Deposits</b>		
	<b>Interest rate      Tenure</b>		
	Standard Bank      6.55 %      3 months	0	30 000 000
		<u>0</u>	<u>30 000 000</u>
	Other	-	
	Petty cash	24 710	24 710
	<b>Total cash and cash equivalents</b>	<u>86 328 671</u>	<u>322 963 447</u>
<b>16</b>	<b>PROPERTY RATES</b>		
	Residential	101 746 482	91 710 946
	Government	24 428 075	7 904 851
	Commercial	125 780 807	121 970 947
	Other	29 068 657	33 789 197
		<u>281 023 721</u>	<u>255 375 942</u>
	<b>VALUATIONS</b>	<b>R000's</b>	<b>R000's</b>
	Residential	26 136 132	26 017 318
	Government	2 603 150	1 823 150
	Commercial	17 748 136	17 246 618
	Municipal	1 215 688	1 217 927
	Other	8 101 070	7 934 134
		<u>55 804 176</u>	<u>54 239 147</u>
	Valuations on property are performed every four years and the last general valuation come into effect on 1 July 2014. The basic rate on residential vacant land for 2015/16 was .02115c (2014/15:01935) in the Rand on the market value of the property. Different rebates are granted to owners depended on the category of the rateable property.		
<b>17</b>	<b>SERVICE CHARGES</b>		
	Sale of electricity	764 663 908	657 903 496
	Sale of water	210 326 831	153 325 317
	Refuse removal	64 253 431	57 426 431
	Sewerage and sanitation charges	52 800 385	49 064 812
		<u>1 092 044 555</u>	<u>917 720 057</u>
<b>18</b>	<b>RENTAL OF FACILITIES AND EQUIPMENT</b>		
	Rental of facilities	12 342 192	12 973 612
	<b>Total rentals</b>	<u>12 342 192</u>	<u>12 973 612</u>

**POLOKWANE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2016 R	2015 R
<b>19 GOVERNMENT GRANTS &amp; SUBSIDIES &amp; PUBLIC CONTRIBUTIONS</b>		
<b><i>Operating Grants from Government</i></b>	<b>616 432 887</b>	<b>547 555 480</b>
Equitable share	522 595 000	455 799 000
Municipal systems improvement grant	930 000	930 000
Finance management grant	1 241 731	1 800 000
Municipal infrastructure grant	32 962 854	44 973 055
Integrated national electrification programme grant	40 000 000	31 000 000
Expanded public works programme incentive grant	2 703 301	3 960 000
Public transport infrastructure and systems grant	11 000 000	6 093 425
Infrastructure skills development grant	5 000 000	3 000 000
Sport & Recreation	-	0
<b><i>Capital Grants from Government</i></b>	<b>473 584 799</b>	<b>555 234 831</b>
Municipal infrastructure grant	247 160 415	262 336 166
Finance management grant	633 269	-
Electricity demand side management grant	-	4 057 090
Public transport infrastructure and systems grant	201 356 868	277 656 398
Water services refurbishment grant	-	6 890 869
Neighbourhood development grant	22 621 549	4 294 308
Expanded public works programme incentive grant	1 812 699	-
<b><i>Capital Grants from Public Contributions</i></b>	<b>3 355 674</b>	<b>2 797 470</b>
KFW German bank	-	-
National Lottery	3 355 674	2 797 470
CoGHSTA	-	-
<b>Total Government Grants &amp; Subsidies &amp; Public Contributions</b>	<b>1 093 373 360</b>	<b>1 105 587 781</b>
<b>19.1 <i>Equitable Share</i></b>		
Balance unspent at beginning of year	-	-
Current year receipts	522 595 000	455 799 000
Conditions met – transferred to revenue	(522 595 000)	(455 799 000)
	-	-
This grant is an unconditional grant and is partially utilized for the provision of indigent support through free basic services. Registered indigents receive a maximum monthly subsidy of R220.00 (2014/15: R205.00) which is funded from this grant.		
<b>19.2 <i>Finance Management Grant</i></b>		
Balance unspent at beginning of year	-	-
Current year receipts	1 875 000	1 800 000
Conditions met – transferred to revenue	(1 875 000)	(1 800 000)
<b>Unspent amount transferred to liabilities</b> (see note 7)	-	-
This grant was used to promote and support reforms to municipal financial management and the implementation of the MFMA, 2003. The conditions of the grant were met. No funds have been withheld.		
<b>19.3 <i>Public Transport Infrastructure and Systems Grant</i></b>		
Balance unspent at beginning of year	28 167 868	111 917 691
Current year receipts	184 189 000	200 000 000
Conditions met – transferred to revenue	-212 356 868	(283 749 823)
Paid back to National Treasury	0	-
<b>Unspent amount transferred to liabilities</b> (see note 7)	<b>0.00</b>	<b>28 167 868</b>
The grant was used for public transport and non motorised transport infrastructure.		

**POLOKWANE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2016 R	2015 R
<b>19.4</b>		
<b><i>Municipal Systems Improvement Grant</i></b>		
Balance unspent at beginning of year	-	-
Current year receipts	930 000	930 000
Conditions met – transferred to revenue	(930 000)	(930 000)
<b>Unspent amount transferred to liabilities</b>	<b>-</b>	<b>-</b>
(see note 7)		
The purpose of the grant is for institutional systems. The grant was utilised.		
<b>GOVERNMENT SUBSIDIES &amp; GRANTS (CONTINUED)</b>		
<b>19.5</b>		
<b><i>Department of Sport &amp; Recreation</i></b>		
Balance unspent at beginning of year	-	3 270 508
Current year receipts	-	-
Conditions met – transferred to revenue	-	-
Paid back to National Treasury	-	(3 270 508)
<b>Unspent amount transferred to liabilities</b>	<b>-</b>	<b>-</b>
(see note 7)		
This grant was utilised for sport related operating expenses including CHAN Games. The conditions of the grant were met and no funds have been withheld.		
<b>19.6</b>		
<b><i>Municipal Infrastructure Grant</i></b>		
Balance unspent at beginning of year	133 711 393	136 106 614
Current year receipts	275 800 000	304 914 000
Conditions met – transferred to revenue	-280 123 269	(307 309 221)
Paid back to National Treasury	-129 388 125	-
<b>Unspent amount transferred to liabilities</b>	<b>0.00</b>	<b>133 711 393</b>
(see note 7)		
This grant was used to construct municipal infrastructure to provide basic services for the benefit of poor households. The conditions of the grant were met and no funds have been withheld.		
<b>19.7</b>		
<b><i>Limpopo Provincial Government</i></b>		
Balance unspent at beginning of year	2 949 710	2 949 710
Current year receipts	-	-
Conditions met – transferred to revenue	-	-
<b>Unspent amount transferred to liabilities</b>	<b>2 949 710</b>	<b>2 949 710</b>
(see note 7)		
The grant was utilised in the planning phase of the Convention Centre		
<b>19.8</b>		
<b><i>Water Services Refurbishment Grant</i></b>		
Balance unspent at beginning of year	20 840 184	7 731 053
Current year receipts	-	20 000 000
Conditions met – transferred to revenue	-	(6 890 869)
Transaction reversed- Previous year expenditure	-	-
Paid back to National Treasury	(20 840 184)	-
<b>Unspent amount transferred to liabilities</b>	<b>0</b>	<b>20 840 184</b>
(see note 7)		
The grant was utilised to subsidise water & sewer schemes transferred by DWAF.		
<b>19.9</b>		
<b><i>Limpopo Local Government &amp; Housing</i></b>		
Balance unspent at beginning of year	404 429	385 777
Current year receipts	23 162	18 652
Conditions met – transferred to revenue	-	-
<b>Unspent amount transferred to liabilities</b>	<b>427 591</b>	<b>404 429</b>
(see note 7)		
The grant was used to fund the housing accreditation process		
<b>19.10</b>		
<b><i>Integrated National Electrification Programme Grant</i></b>		
Balance unspent at beginning of year	-	-
Current year receipts	40 000 000	31 000 000
Conditions met – transferred to revenue	(40 000 000)	(31 000 000)
Paid back to National Treasury	-	-
<b>Unspent amount transferred to liabilities</b>	<b>-</b>	<b>-</b>
(see note 7)		
The grant was used to fund projects to address electrification backlogs in rural areas .		

**POLOKWANE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2016 R	2015 R
<b>19.11 Electricity Demand Side Management Grant</b>		
Balance unspent at beginning of year	-	4 057 090
Current year receipts	-	-
Conditions met – transferred to revenue	-	(4 057 090)
Paid back to National Treasury	-	-
<b>Unspent amount transferred to liabilities</b>	<b>-</b>	<b>-</b>
(see note 7)		
The grant was used to fund projects in order to mitigate the risk of load shedding and supply interruptions .		
<b>19.12 Expanded Public Works Programme Incentive Grant</b>		
Balance unspent at beginning of year	-	-
Current year receipts	4 516 000	3 960 000
Conditions met – transferred to revenue	(4 516 000)	(3 960 000)
<b>Unspent amount transferred to liabilities</b>	<b>-</b>	<b>-</b>
(see note 7)		
The grant was used to fund projects in order to maximise job creation and skills development .		
<b>19.13 Neighbourhood Development Partnership Grant</b>		
Balance unspent at beginning of year	5 705 692	-
Current year receipts	31 072 000	10 000 000
Conditions met – transferred to revenue	(22 621 549)	(4 294 308)
Paid back to National Treasury	(5 705 692)	-
<b>Unspent amount transferred to liabilities</b>	<b>8 450 451</b>	<b>5 705 692</b>
(see note 7)		
The grant was used to fund projects in order to provide community infrastructure to improve quality of life of residents in townships .		
<b>19.14 Skills Development Fund</b>		
Balance unspent at beginning of year	-	-
Current year receipts	5 000 000	3 000 000
Conditions met – transferred to revenue	(5 000 000)	(3 000 000)
<b>Unspent amount transferred to liabilities</b>	<b>-</b>	<b>-</b>
(see note 7)		
The grant was paid over to Lepelle Northern Water Board accordance a 3 party agreement with National Treasury.		
<b>20 PUBLIC CONTRIBUTIONS, DONATED &amp; CONTRIBUTED PROPERTY, PLANT &amp; EQUIPMENT</b>		
Balance unspent at beginning of year (Lottery)	3 355 674	6 153 144
Balance unspent at beginning of year (German Bank)	-	2 007 735
Current year receipts (German Bank)	-	4 347 843
Conditions met – transferred to revenue (Lottery)	(3 355 674)	(2 797 470)
Conditions met – transferred to revenue (German Bank)	-	(6 355 578)
<b>Unspent amount transferred to liabilities</b>	<b>-</b>	<b>3 355 674</b>
(see note 7)		
The Lottery funds were partially utilised during the year.		
<b>Total Unspent government grants &amp; Subsidies &amp; Public Contributions</b>	<b>11 827 753</b>	<b>195 134 950</b>
See note 7 for reconciliation		
<b>21 INVESTMENT REVENUE EXTERNAL INVESTMENTS</b>		
Primary account	11 034 670	10 149 419
Grant account	6 523 000	11 857 586
External investments	10 035 091	13 713 653
	<b>27 592 762</b>	<b>35 720 658</b>
<b>22 OTHER REVENUE FROM EXCHANGE TRANSACTIONS</b>		
Building plan fees	4 552 516	5 020 826
Burial fees	583 185	569 756
Sale of erven	2 409 825	230 000
Surcharge excess water consumption	78 136 081	52 399 325
Royalties Silicon	1 138 117	1 167 824
Refund Seta levy	1 834 589	317 734
Retention forfeited	9 853 904	-
Insurance claims	1 365 339	1 594 109
Admission fees	741 198	670 622
Tender deposits	1 334 186	2 014 923
Proceeds on sale of stands	67 421 000	-
Recovery Black Leopards	-	3 000 000
Unidentified receipts transferred to revenue	5 314 167	-
Donations	987 181	5 492 335
Sundry income	11 809 928	6 175 181
	<b>187 481 214</b>	<b>78 652 634</b>



**POLOKWANE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

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**EMPLOYEE RELATED COSTS**

	2016 R	2015 R
Employee related cost - Salaries and wages	374 813 027	328 528 925
Employee related cost - Social contributions	90 372 257	76 671 762
Motor car allowances	38 377 346	34 573 173
Housing benefits and other allowances	11 395 269	9 994 159
Overtime benefits	46 154 748	42 677 095
Leave bonus provision	2 399 791	1 078 746
Leave reserve provision	28 821 626	24 568 532
Long term service awards	6 064 693	2 223 431
	<u>598 398 759</u>	<u>520 315 822</u>

There were no advances paid to employees.

**Municipal Manager**

Annual remuneration	0	1 038 716
Motor car allowance	0	154 000
Council Contributions	0	255 945
Historic leave	0	180 952
Acting allowance	393 993	0
Termination settlement	0	1 464 780
	<u>393 993</u>	<u>3 094 394</u>

The Municipal Manager resigned in June 2015 and was paid a settlement for 10 months. Historic leave was also paid out concurrently.

The Director Community Development and Director SPME acted in the position for 12 months.

**Chief Financial Officer**

Annual remuneration	1 154 388	1 460 096
Motor car allowance	90 000	120 000
Council Contributions	1 560	1 861
Acting allowance	602 312	0
Termination settlement	1 439 207	0
	<u>3 287 466</u>	<u>1 581 957</u>

The CFO resigned on 31 March 2016 and was paid a settlement for 8 months. Historic leave was also paid out concurrently.

The Deputy CFO and a seconded official from Provincial Treasury acted in the position for 9 months.

**Director Planning & Economic Development**

Annual remuneration	808 895	755 825
Motor car allowance	156 000	156 000
Council Contributions	196 011	193 800
	<u>1 160 906</u>	<u>1 105 625</u>

**Director Engineering Services**

Annual remuneration	849 457	759 330
Motor car allowance	240 000	240 000
Council Contributions	215 657	195 981
	<u>1 305 114</u>	<u>1 195 311</u>

**Director Community Services**

Annual remuneration	744 317	692 091
Motor car allowance	216 000	216 000
Council Contributions	200 589	197 534
	<u>1 160 906</u>	<u>1 105 625</u>

**Director Corporate & Shared Services**

Annual remuneration	425 706	959 764
Motor car allowance	60 000	144 000
Council Contributions	780	1 861
Acting allowance	225 783	0
Termination settlement	494 292	0
	<u>1 206 560</u>	<u>1 105 625</u>

The Director resigned on 31 November 2015 and was paid a settlement for 3 months. Historic leave was also paid out concurrently.

The Manager IDP and Manager PMS acted in the position for 5 months.

**Director Community Development**

Annual remuneration	1 159 034	1 103 764
Motor car allowance	1 872	1 861
Council Contributions	1 160 906	1 105 625

**Director Strategic Planning, Monitoring & Evaluation**

Annual remuneration	897 934	852 714
Motor car allowance	48 000	48 000
Council Contributions	214 972	204 911
	<u>1 160 906</u>	<u>1 105 625</u>

**Director Transportation Services**

Annual remuneration	307 737	755 841
Motor car allowance	70 000	168 000
Council Contributions	80 329	181 784
Acting allowance	38 885	0
Termination settlement	551 899	0
	<u>1 048 850</u>	<u>1 105 625</u>

The Director resigned on 31 November 2015 and was paid a settlement for 3 months. Historic leave was also paid out concurrently.

The Manager Roads and Stormwater acted in the position for 2 months

No performance bonuses were paid out in terms of Section 57 of the Municipal Systems Act.

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**REMUNERATION OF COUNCILLORS**

Executive Mayor	954 030	912 252
Speaker	779 349	740 900

**POLOKWANE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	<b>2016</b>	<b>2015</b>
	<b>R</b>	<b>R</b>
Chief Whip	712 301	676 255
Mayoral Committee members	6 310 651	5 824 848
Councillors	<u>18 263 292</u>	<u>17 251 381</u>
	<b><u>27 019 623</u></b>	<b><u>25 405 636</u></b>

Refer to Annexure I for full details.

**In-kind Benefits**

The Executive Mayor, Speaker and certain Mayoral Committee Members are full time. Each is provided with an office and secretarial support at the cost of Council.  
The Executive Mayor has use of a Council owned vehicle.

**POLOKWANE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

		2016 R	2015 R
<b>25</b>	<b>FINANCE COST</b>		
	Local Registered Stock loans	23 042	32 444
	Finance leases	10 080 861	12 922 110
	Annuity loans	23 852 027	25 232 092
		<u>33 955 931</u>	<u>38 186 646</u>
<b>26</b>	<b>BULK PURCHASES</b>		
	Electricity	591 292 281	517 688 732
	Water	156 985 869	157 206 174
		<u>748 278 150</u>	<u>674 894 906</u>
<b>27</b>	<b>GRANT AND SUBSIDIES PAID</b>		
	Animal care : SPCA	480 000	240 000
	Grant - PHA	16 700 000	6 500 000
		<u>17 180 000</u>	<u>6 740 000</u>
<b>28</b>	<b>GENERAL EXPENSES</b>		
		<u>586 464 904</u>	<u>499 087 440</u>
	See Annexure H for full information on Other expenditure.		
<b>29</b>	<b>PRIOR PERIOD ADJUSTMENT</b>		

**POLOKWANE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2016 R	2015 R
<b>29.1 ASSETS</b>		
In addition to the revaluation of Infrastructure and Community Assets, the municipality also embarked on a process to review all asset portfolios. This process resulted in the of a number of errors relating to completeness and existence which were corrected retrospectively.		
The nature of each correction has been listed per asset / liability:		
<u>Heritage Assets</u>		
During the review of this asset portfolio, it was identified that certain pieces of museum artwork was not previously included in the register. As a result, comparative figures had to be restated for this correction.		
	2015	2014
	-	11 021 024
<u>Land</u>		
During the review of this asset portfolio, the extent of a land partial was identified to be incorrectly captured within the land register. As a result, comparative figures had to be reflect the financial impact of the change.		
Additional assets included in the asset register	2015 0	2014 2 225 056
<u>Movable and other assets</u>		
During the current financial period a physical verification process was performed, resulting in a number of assets identified which were not previously recognised in the asset result comparative figures had to be restated to reflect the financial impact of the change.		
Additional assets included in the asset register	2015 4 070 749	2014 7 891
<u>Community Facilities</u>		
During the review of the asset class, certain inaccuracies were identified relating to amongst others, cost of projects, classification, completeness and existence. As a result, figures had to be restated to reflect the financial impact of the changes.		
Reallocation of AUC projects between Opex and Capex, and corrections to project cost	2015 99 704	2014 0
Depreciation changes	1 031	0
Reclassification between Community Facilities and Infrastructure Assets	2 253 508	-87 319
	2 354 244	-87 319
<u>Infrastructure Assets</u>		
During the review of this asset class, certain inaccuracies were identified relating to amongst others, changes required through the publication of the extra ordinary gazettes c declaration of provincial roads (Gazette no.2372 and Gazette no.2417), clarity provided by RAL during September 2016 on the exact boundaries for the declared roads, class completeness and existence. As a result, comparative figures had to be restated to reflect the financial impact of the changes.		
Changes in opening balances due to changes necessitated by the realignment with government gazette	2015 13 618 295	2014 -5 460 172
Reallocation of AUC projects between Opex and Capex, and corrections to project cost		
Depreciation changes	587 668	7 144 901
Corrections of control panels	0	-6 736
Reclassification between Community Facilities and Infrastructure Assets	-2 253 508	85 988
Change in revaluation reserve due to restated revaluation	0	38 080 862
	11 952 455	39 844 844
<u>Finance lease asset and liability</u>		
During the 2014/15 audit, it was noted that interest relating to the leased assets were calculated using the payment at the beginning of the period as supposed to the at the e period. As a result, comparative figures had to be restated to reflect these corrections.		
<u>Finance lease asset</u>	2015	2014
Correction in value	112 321	(479 897)
	112 321	(479 897)
<u>Finance lease liability</u>		
Correction in value	114 127	811 099
	114 127	811 099
<u>Trade and other payables</u>		
During the review of the Infrastructure Assets portfolio, it was noted that costs incurred during the 2015/16 period relating to a project completed and capitalised during the 20 period. As a result, comparative figures had to be restated to reflect the corrected value.		
Accrue for costs incurred	2015 -99 704	2014 0
<b>Accumulated Surpluses</b>		
<b>Balance previously stated - 30 June 2014</b>		5 590 487 541
Heritage assets		11 021 024
Land		0
Finance lease assets		-479 897
Movable and other assets		7 891
Community Facility assets		-47 536
Infrastructure assets		4 057 890
Finance lease liability		811 099
<b>Restated balance - 30 June 2014</b>		<b>5 605 858 011</b>
Heritage assets		0
Land		0
Movable and other assets		4 070 749
Finance lease assets		112 321
Community Facility assets		2 354 244
Infrastructure assets		4 025 775
Finance lease liability		114 127
Trade and other payables		-99 704
Reflected in Statement of Financial Performance		11 037 776
<b>Restated Opening balance - 30 June 2015</b>		<b>5 627 473 298</b>
Realisation of Revaluation Reserve - Derecognition		15 597 857
Restated Surplus / (Deficit) for the year as per audited financial statements		-130 154 512
<b>Restated closing balance - 30 June 2015</b>		<b>5 512 916 643</b>
<b>Statement of Financial Performance 2015</b>		
Surplus / (Deficit) for the year as per audited financial statements		-119 116 736
Accumulated depreciation adjusted		-3 731 850
Service charges		-9 508 800
Finance costs		184 470
Property rates - Non Exchange Transactions		-811 546
Other revenue		-8 367 311
General expenditure		-2 421 034
Loss on disposal of PPE		13 618 294
<b>Total changes to the Statement of Financial Performance 2015</b>		<b>-11 037 776</b>
<b>Restated surpluses for 2015</b>		<b>-130 154 512</b>
	2015	
Heritage Assets	Previously reported	Restated
Land	4 588 129	15 609 153
Movable assets	168 687 285	170 912 341
Finance leased assets	46 940 804	51 019 443
Community Facilities	81 091 346	80 723 770
Infrastructure assets	1 549 920 875	1 552 187 799
Finance lease liability	6 742 912 821	6 794 710 100
	-90 597 801	-89 672 574
		925 226

**POLOKWANE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

	2016 R	2015 R
Trade and other payables	-352 680 831	-352 780 535
<b>TOTAL adjustment</b>		<b>-99 704</b>
The effect of the changes above on net assets are:		
Revaluation reserve		45 898 891
Accumulated surplus		25 947 977
		<b>71 846 869</b>
<b>30 CASH GENERATED FROM/(UTILISED IN) OPERATIONS</b>		
<b>Net surplus for the year</b>	58 058 706	(130 154 512)
<b>Adjustment for:</b>		
Housing development fund	(6 955 961)	(3 488 480)
Prior year adjustments:	-	-
Service charges	-9 508 800	
Property rates - Non Exchange Transactions	-811 546	
Other revenue	-8 367 311	
General expenditure	-2 421 034	
Trade and other payables	99 734	
Provision for bad debt	76 708 428	130 414 056
Gain / (loss) on fair value adjustment	31 469 828	11 248 297
Cost of sales		728 500
Depreciation charges	475 210 189	546 632 072
Service charges		(12 812 671)
Interest received	(27 592 762)	(35 720 658)
Interest paid	33 955 931	38 186 646
Impairment PHA Loan		8 217 389
Recovery Black Leopards		(3 000 000)
Donation of assets - Investment properties		31 088 000
<b>Non-operating expenditure</b>	<b>619 845 404</b>	<b>581 338 639</b>
<b>Operating surplus before working capital changes</b>		
(Increase)/decrease in inventories	(3 808 524)	4 171 701
(Increase)/decrease in debtors	(140 949 194)	(137 256 843)
(Increase)/decrease in other debtors	(13 315 759)	6 048 174
Increase/(decrease) in conditional grants	(183 307 198)	(79 444 372)
Increase/(decrease) in creditors	17 384 377	67 203 898
Increase/(decrease) in provisions	19 371 710	10 952 276
<b>Working capital</b>	<b>(304 624 588)</b>	<b>(128 325 166)</b>
<b>Cash generated by operations</b>	<b>315 220 816</b>	<b>453 013 474</b>
<b>ADDITIONAL DISCLOSURES IN TERMS OF SECTION 125 OF MUNICIPAL FINANCE MANAGEMENT ACT, 2003</b>		
<b>31</b>		
<b>Contribution to SALGA</b>		
31.1 Council membership fees payable	5 498 603	4 800 000
Amount paid current year	(5 498 603)	(4 800 000)
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
<b>Audit Fees</b>		
31.2 Current year audit fee	5 354 490	4 773 533
Amount paid current year	(5 354 490)	(4 773 533)
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
<b>VAT</b>		
31.3 Since July 2012 VAT is payable on cash basis. Nett VAT input receivables and VAT output payable are shown in note 14. All VAT returns have been submitted by the due date throughout the year.		
<b>Pay as You Earn (PAYE)</b>		
31.4 Current payroll deductions	81 296 499	72 800 959
Amount paid current year	(81 296 499)	(72 800 959)
<b>Balance unpaid</b>	<b>-</b>	<b>-</b>
<b>Unemployment Insurance Fund (UIF)</b>		
31.5 Current payroll deductions	5 963 122	5 492 364
Amount paid current year	(5 963 122)	(5 492 364)
<b>Balance unpaid</b>	<b>-</b>	<b>-</b>
<b>Medical Aid</b>		
31.6 Current payroll deductions	39 353 231	33 684 437
Amount paid current year	(39 353 231)	(33 684 437)
<b>Balance unpaid</b>	<b>-</b>	<b>-</b>
<b>Pension Fund</b>		
31.7 Current payroll deductions	94 543 606	77 079 526
Amount paid current year	(94 543 606)	(77 079 526)
<b>Balance unpaid</b>	<b>-</b>	<b>-</b>
<b>Councillor's arrear consumer accounts</b>		

**POLOKWANE MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016**

		2016 R	2015 R
<b>31.8</b>			
	The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2016	<b>Total</b>	<b>Outstanding less than 90 days</b>
		<b>R</b>	<b>R</b>
	MATHABATHA MA	5 580	3 544
	MOABELO JA	1 449	835
	SELLO MJ	1 572	538
	PETA MM	984	517
	SEDIBANE MD	264	-
	MOJAPELO TSP	1 684	264
	MOKGOKONG NJ	14 018	356
	LETSOALO MW	74 374	2 511
	THOBEJANE MA	798	230
	<b>Total Councillor Arrear Consumer Accounts</b>	<b>100 723</b>	<b>8 794</b>
	<b>Highest Amount Outstanding</b>	<b>R</b>	<b>Ageing Days</b>
	LETSOALO MW	71 863	90+
	MOKGOKONG NJ	13 662	90+
	MATHABATHA MA	3 544	90-
	MOJAPELO TSP	1 420	90+
	SELLO MJ	1 034	90+
	MOABELO JA	614	90+
	THOBEJANE MA	568	90+
	PETA MM	467	90+
	SEDIBANE MD	264	90+
<b>32</b>	<b>COMMITMENTS</b>		
	<b>Commitments in respect of expenditure:</b>		
	Capital commitments-approved and contracted for	538 854 393	1 011 297 942
	Infrastructure	146 887 117	344 041 714
	Community	123 131 218	537 321 308
	Other	268 836 058	129 934 920
	<b>Total commitments</b>	<b>538 854 393</b>	<b>1 016 634 754</b>
	<b>The expenditure will be financed from:</b>	<b>538 854 392</b>	<b>1 016 634 754</b>
	- Government and other Grants	255 941 508	839 530 500
	- Internally generated funds	282 912 884	177 104 255
		<b>22 401 722</b>	<b>15 274 154</b>
		<b>22 401 722</b>	<b>15 274 154</b>
<b>33</b>	<b>CONTINGENT LIABILITIES</b>		

34 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL  
EXPENDITURE DISALLOWED

34.1 Unauthorized expenditure

	2016 R	2015 R Restated
Reconciliation of unauthorized expenditure		
Opening balance	602 557 118	370 784 431
Unauthorized expenditure current year	26 708 428	231 772 687
Approved by Council or condoned	-	-
Transfer to receivables for recovery	-	-
Unauthorized expenditure awaiting authorization	<u>629 265 546</u>	<u>602 557 118</u>

Current year's unauthorised expenditure is attributed to the fact that the actual expenditure exceeded the budget on the following items :  
Provision for bad debt  
The opening balance on unauthorised has already been subjected to MPAC investigation and it is awaiting condonation by Council. The current year unauthorized expenditure will also be subjected to Council before the audit is finalized

34.2 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure		
Opening balance -	1 603 457	
Fruitless and wasteful expenditure current year:	-	
Fruitless and Wasteful Expenditure as per submitted AFS	-	44 332
Add: Current year Expenditure (Subsequent Event Adjustment)	-	1 559 124
<b>Adjusted Fruitless and Wasteful Expenditure</b>	<u>1 603 457</u>	<u>1 603 457</u>

34.3 Irregular expenditure

Reconciliation of irregular expenditure		
Opening balance	616 559 974	565 375 342
Irregular expenditure current year	8 452 473	297 567 685
Condoned during the year	<u>(616 559 974)</u>	<u>(246 383 053)</u>
Irregular expenditure awaiting condonement	<u>8 452 473</u>	<u>616 559 974</u>

Current year irregular expenditure has been investigated by Municipal Public Account Committee(MPAC) and is awaiting Council decision on whether to condone or not in terms of the MFMA.

Opening Balance	249 735 177	
Current year irregular expenditure has been made of the following transactions.		
Irregular expenditure occurred as result of non compliance to supply chain regulation, regulation 22 and 29.		171 059 810
Irregular expenditure occurred as result of non compliance to Preferential Procurement Policy Framework regulation of 2011		
,PPR 4(4) & PPR 5(2)		78 675 367
Irregular expenditure occurred as result of non compliance to MFMA section 116(3)		47 832 508
<b>TOTAL</b>	<u>249 735 177</u>	<u>249 735 177</u>

35 PROVISIONS

35.1 Provision for rehabilitation of landfill sites

Carrying amount at beginning of year	52 438 945	47 563 669
Increase due to passage of time	2 699 718	4 875 276
Increase due to change in provision	<u>5 374 992</u>	
Carrying amount at end of year	<u>60 513 655</u>	<u>52 438 945</u>

The Weltevreden Landfill Site is a permitted facility in terms of Section 20 of the Environmental Conservation Act (Act 73 of 1989) and is located on portion 4 of the farm Weltevreden 746 LS - District Polokwane. The expected life span of the site is a further 6 years

Assumptions used:  
Discount rate used is CPI +2% (2015: 10.25%)

The movement in the current year was just the unwinding of the interest and nothing changed in the structural nature of the waste site.

The expense relating to the provision is included under note 28: General Expenses.

35.2 Post-Employment Health Care Benefits

Fair value of plan assets	-	-
Accrued liability	162 094 000	155 576 000
<b>Unfunded Accrued Liability</b>	<u>162 094 000</u>	<u>155 576 000</u>
Net Liability in Balance Sheet	<u>162 094 000</u>	<u>155 576 000</u>

Reconciling and projecting the unfunded accrued liability

**Unfunded Accrued Liability**

Opening balance	155 576 000	151 027 000
Current-service cost	5 589 000	5 573 000
Interest cost	14 243 000	13 492 000
Actuarial (Gain)/Loss	(7 662 331)	(9 279 759)
Actual employer benefit payments	<u>(5 651 669)</u>	<u>(5 238 241)</u>
<b>Closing Balance</b>	<u>162 094 000</u>	<u>155 576 000</u>
Net liability to reflect in the balance sheet		

POLOKWANE MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS ENDED 30 JUNE 2015

Opening balance	155 576 000	151 027 000
Current-service cost	5 589 000	5 573 000
Interest	14 243 000	13 492 000
Actuarial (Gain)/loss recognised	(7 662 331)	(9 279 759)
<b>Net Periodic Cost Recognised in P&amp;L</b>	<b>167 745 669</b>	<b>160 812 241</b>
Actual employer benefits payments	(5 651 669)	(5 236 241)
<b>Closing Balance</b>	<b>162 094 000</b>	<b>155 576 000</b>

#### Valuation Method

The Projected Unit Credit funding method has been used to determine the past-service liabilities at the valuation date and the projected annual expense in the year following the valuation date.

#### Post-employment Medical Aid Liabilities

The expected value of each employee and their spouse's future medical aid subsidies is projected by allowing for future medical inflation. The calculated values are then discounted at the assumed discount interest rate to the present date of valuation (calculation). We also allowed for mortality, retirements and withdrawals from service as set out below. The accrued liability is determined on the basis that each employee's medical aid benefit accrues uniformly over the working life of an employee up until retirement. Further it is assumed that the current policy for awarding medical aid subsidies remains unchanged in the future. We assumed that 100% of all active members on medical aid will remain on medical aid once they retire. We also assumed that all active members will remain on the same medical aid option at retirement.

We also assumed that 22.5% of in-service members not currently on a medical aid would join the Key-Health Silver medical aid scheme by retirement. This assumption is consistent with that used in the preceding valuation.

#### Valuation of Assets

As at the valuation date, the medical aid liability of the Municipality was unfunded, i.e. no dedicated assets have been set aside to meet this liability. We therefore did not consider any assets as part of our valuation.

The following assumptions has been used for current and prior year

Discount rate	Yield Curve Difference between nominal and real yield curve	Yield Curve Difference between nominal and real yield curve
CPI (Consumer Price Inflation)	CPI +1%	CPI +1%
Health care cost inflation rate	Yield Curve	Yield Curve
Net effective discount rate	Difference between nominal and real yield curve	Difference between nominal and real yield curve

CPI (Consumer Price Inflation)

#### 35.3 Long Service Awards

Accrued liability	31 892 000	27 867 000
<b>Unfunded Accrued Liability</b>	<b>31 892 000</b>	<b>27 867 000</b>
Net Liability in Balance Sheet	<b>31 892 000</b>	<b>27 867 000</b>

Reconciling and projecting the unfunded accrued liability

#### Unfunded Accrued Liability

Opening balance	27 867 000	26 932 000
Current-service cost	3 009 000	2 746 000
Interest cost	2 416 000	2 204 000
<b>Actuarial (Gain)/Loss</b>	<b>(114 307)</b>	<b>(2 701 825)</b>
<b>Actual employer benefit payments</b>	<b>(1 285 693)</b>	<b>(1 313 175)</b>
<b>Closing Balance</b>	<b>31 892 000</b>	<b>27 867 000</b>

Net liability to reflect in the balance sheet

Opening balance	27 867 000	26 932 000
Current-service cost	3 009 000	2 746 000
Interest cost	2 416 000	2 204 000
Actuarial (Gain)/loss recognised	(114 307)	(2 701 825)
<b>Net Periodic Cost Recognised</b>	<b>33 177 693</b>	<b>29 180 175</b>
Actual employer benefits payments	(1 285 693)	(1 313 175)
<b>Closing Balance</b>	<b>31 892 000</b>	<b>27 867 000</b>

Employees qualify for the following long service awards:

- After 20 years of continuous service a watch to the value of R6 772.26 (2015: R6 449.77) (adjusted annually).  
-Additional 10,20 and 30 leave days for 10,15 and each 5 years after 15 years of service respectively

The following assumptions has been used for current and prior year

Discount rate	Yield Curve Difference between nominal and real yield curve	Yield Curve Difference between nominal and real yield curve
CPI (Consumer Price Inflation)	Equal to CPI + 1%	Equal to CPI + 1%
Normal salary increase	Yield Curve Based	Yield Curve Based
Net effective discount rate		

#### 35.4 Ex-gratia benefits

Fair value of plan assets	-	-
Accrued liability	9 585 000	8 831 000
<b>Unfunded Accrued Liability</b>	<b>9 585 000</b>	<b>8 831 000</b>
Net Liability in Balance Sheet	<b>9 585 000</b>	<b>8 831 000</b>

Employees qualify for the following awards:

- After 10 years of continuous service an amount of R748.63 (2015:R712.98) (adjusted annually) per each year of service.

Reconciling and projecting the unfunded accrued liability



#### Unfunded Accrued Liability

Opening balance	8 831 000	8 238 000
Current-service cost	884 000	789 000
Interest cost	835 000	662 000
Actuarial (Gain)/Loss	(216 000)	(246 263)
Employer benefit payments (Estimate)	(749 000)	(611 737)
<b>Closing Balance</b>	<b>9 585 000</b>	<b>8 831 000</b>
Net liability to reflect in the balance sheet		
Opening balance	8 831 000	8 238 000
Current-service cost	884 000	789 000
Interest	835 000	662 000
Actuarial (Gain)/loss recognised	(216 000)	(246 263)
<b>Net Periodic Cost Recognised</b>	<b>10 334 000</b>	<b>9 442 737</b>
Estimated employer benefits payments	(749 000)	(611 737)
<b>Closing Balance</b>	<b>9 585 000</b>	<b>8 831 000</b>
<b>Total Provisions</b>	<b>264 084 655</b>	<b>244 712 945</b>

36

#### RISK MANAGEMENT

##### 36.1 Fair values

The table below analyses financial instruments carried at fair value at the end of the reporting period, by level of fair value hierarchy. The different levels are based on the extent to which quoted prices are used in the calculation of the fair value of the financial instruments and have been defined as follows:

###### Level 1

Fair values are based on quoted market prices in active markets for an identical instrument.

###### Level 2

Fair values are calculated using valuation techniques based on observable inputs. This category includes instruments valued using quoted market prices in active markets for similar instruments.

###### Level 3

Fair values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation

	<b>Level 1</b>	<b>Level 1</b>
Investments	-	-
Cash and cash equivalents	86 328 671	322 963 447
	<b>Level 2</b>	<b>Level 2</b>
Investments	59 000 800	59 000 800
Cash and cash equivalents	-	-
	<b>Level 3</b>	<b>Level 3</b>
Investments	1 000	1 000
Cash and cash equivalents	-	-
	<b>Total</b>	<b>Total</b>
Investments	59 001 800	59 001 800
Cash and cash equivalents	86 328 671	322 963 447

##### 36.2 Credit risk

Credit risk is the risk of financial loss to the municipality if customers or counterparties to financial instruments fail to meet their contractual obligations, and arises principally from investments, loans, receivables and cash and cash equivalents.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at 30 June is as follows:

Investments in banks - Standard Bank (Credit rating BBB-)	58 999 800	58 999 800
Cash and cash equivalents	86 328 671	322 963 447
Trade and other receivables	464 192 926	386 636 402
	<b>609 521 397</b>	<b>768 599 649</b>

##### Investments and cash and equivalents

The Municipality limits its exposure to credit risk by investing only with reputable financial institutions that have a sound credit rating and within guidelines set in accordance with Councils approved investment policy. The municipality does not consider there to be any significant exposure to credit risk.

##### Receivables

Receivables are amounts owing by consumers and are presented net of impairment losses. The Municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services without recourse to an assessment of creditworthiness. Deposits are required for service connections serving as a guarantee. Policies and processes are in place to manage risk. Refer to note 12 and 13 for additional information relating to the analysis of receivables.

### 36.3 Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

#### Liabilities

##### Borrowings

	<u>Up to 1 year</u>	<u>Up to 1 year</u>
Capital repayments	65 065 521	37 263 987
Interest	18 115 834	20 339 631
	<b>83 181 355</b>	<b>57 603 618</b>
	<u>1-5 Years</u>	<u>1-5 Years</u>
Capital repayments	165 622 038	188 024 388
Interest	30 947 758	47 535 549
	<b>196 569 796</b>	<b>235 559 937</b>
	<u>&gt;5 years</u>	<u>&gt;5 years</u>
Capital repayments	0	0
Interest	0	0
	<b>0</b>	<b>0</b>
	<b>Total</b>	<b>Total</b>
Capital repayments	230 687 559	225 288 375
Interest	49 063 592	67 875 180
	<b>279 751 151</b>	<b>293 163 555</b>

	<u>Up to 1 year</u>	<u>Up to 1 year</u>
Trade and other payables	370 164 912	352 780 535
	<b>370 164 912</b>	<b>352 780 535</b>

- 37 **RATIFICATION OF DEVIATIONS FROM BREACHES IN PROCUREMENT PROCESSES**  
Prescribed procurement processes were not followed but was approved by the Municipal Manager in terms of delegated powers and in accordance with Supply Chain Management Regulations and Policy. Valid reasons for deviations were recorded in all instances.

<b>80 329 059</b>	<b>43 087 400</b>
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- 38 **FINANCE LEASE COMMITMENTS**

The municipality future lease commitments on vehicles and their present values are as follows:

Finance lease obligation		
Minimum lease payments due		
- within one year	35 405 263	35 405 263
- in second to fifth year inclusive	66 981 805	102 387 068
- late than five years	-	-
	<b>102 387 068</b>	<b>137 792 332</b>
Less: future finance charges	19 405 860	32 327 971
Present value of minimum lease payments	<b>82 981 208</b>	<b>105 464 361</b>
Present value of minimum lease payments		-
- within one year	25 324 402	22 483 153
- in second to fifth year inclusive	57 656 805	82 981 208
- late than five years	-	-
	<b>82 981 208</b>	<b>105 464 361</b>
Non-current	28 942 909	54 267 311
Current	35 405 263	35 405 263
	<b>64 348 172</b>	<b>89 672 574</b>

Finance Lease Liabilities relates to Vehicles with lease terms of 5 years. The effective interest rate on Finance Leases is 8.5%. Capitalised Lease Liabilities are secured over the items of vehicles leased.

**39 RELATED PARTIES**

**Relationships**

Members of key management

No other payments are paid outside contractual employment payments from employment. Refer to note 23 for remuneration.

Other related party relationships

*Polokwane Housing Association. Refer to note 10*

**Related party transactions**

Compensation to councillors

Payments to councillors are for allowances as gazetted. No other payments are made to councillors. Refer to note 24 for remuneration of councillors.

Property rates received from related parties (PHA)

- 457 438

The Municipality has exempted PHA from paying rates though utilities are still payable

Operational grant - Paid to PHA

16 700 000 6 500 000

The Municipality paid an amount of R10 million to PHA in order to settle the NHFC loan

**40 DISTRIBUTION LOSSES**

The Municipality has incurred the following distribution losses as result of supply of electricity and water

Water distribution losses In KL	12 425 776(39%)	8 993 163 (33%)
Electricity distribution losses kWh	74 613 379(10%)	105 726 349 (14%)
Monetary value		
Water distribution losses	R 72 815 047	R 49 075 131
Electricity distribution losses	R 57 361 081	R 71 888 946
	<u>R 130 176 128</u>	<u>R 120 964 077</u>

**41 COMPARISON WITH THE BUDGET**

The comparison of the Municipality's actual financial performance with that budgeted is set out in Appendix E.1

**42 CHANGE IN ACCOUNTING POLICY**

Where practical, heritage assets were valued on the replacement value method and retrospectively restated on 1 July 2012 in accordance with the transitional provision applicable to GRAP 103. As a result, the following restatement of comparative figures were required:

**Heritage Assets**

**Statement of Financial Position**

*Restated carrying value as at 1 July 2012*

Cost

4 588 129	4 588 129
4 588 129	4 588 129
-	-

Accumulated depreciation

*Previously stated Carrying value as at 1 July 2012*

Less: Cost

3 671 704	3 671 704
3 671 704	3 671 704
-	-

Accumulated depreciation

Increase / (Decrease) in PPE as at 1 July 2012

916 425	916 425
---------	---------

Less:

**Statement of Financial Performance**

No effect

-	-
---	---

**Statement of Changes in Net Assets**

Increase / (Decrease) in Accumulated Surplus - 30 June 2013

916 425 916 425

**43 FAIR VALUE ADJUSTMENT**

Biological assets

(6 190 029) (1 626 750)

Investment Property

24 304 533

18 114 504 (1 626 750)

Investment Property and biological assets were fair valued at year end.

44 EMPLOYEE BENEFIT OBLIGATIONS

**Defined contribution and benefit plan**

The Council provides retirement benefits to employees by contributing to pension and provident Funds Membership of either pension or provident fund is compulsory for all permanent employees.

The municipality and its employees contribute to 7 different Pension Funds, of which 3 (The Municipal Employees Pension Fund, Municipal Gratuity Fund and Samwu National Provident Fund ) cater for the majority of the staff. The Joint Municipal Pension Fund, Municipal Employees Pension Fund, Municipal Gratuity Fund ,Samwu National Provident Fund and National Fund for Municipal Workers are defined benefit funds.

The employees of the Council as well as the Council as employer, contribute to municipal pension, retirement and various provident funds as listed below:

	2016	2015
The Joint Municipal Pension Fund	2 344 748	2 414 052
Municipal Councilors Pension Fund	4 656 928	3 911 419
Government Employees Pension Fund	1 996 629	2 080 084
Municipal Employees Pension Fund	42 188 472	35 261 570
Municipal Gratuity Fund	20 662 132	17 250 696
Samwu National Provident Fund	9 258 270	8 889 971
National Fund For Municipal Workers	13 436 426	7 271 736
	<b>94 543 605</b>	<b>77 079 526</b>

**Post-Retirement medical aid contributions**

The municipality operates on 7 accredited medical aid schemes, namely Bonitas, Hosmed, Key-Health, LA Health and Samwumed, Resolution Health, and Government Employees Medical Scheme. Pensioners may continue on the option they belonged to on the day of their retirement.

The last post-employment health care benefits actuarial valuation in terms of GRAP 25 was done by ZAQ Consultants and Actuaries for the period ending 30 June 2015.

According to the last valuation did, the accrued liability amount to R 155 576 000 as at 30 June 2015.

A reconciliation of Polokwane accrued liability for the year ending 30 June 2015 is set out below:

**Year ended 30 June 2015**

	2016	2015
Opening balance	155 576 000	151 027 000
Service cost	5 589 000	5 573 000
Interest cost	14 243 000	13 492 000
Actual employer benefits payments	(5 651 669)	(5 236 241)
<b>Expected closing balance</b>	<b>169 756 331</b>	<b>164 855 759</b>
Actuarial (gain)/loss -	(7 662 331)	(9 279 759)
		0
<b>Actual closing balance</b>	<b>162 094 000</b>	<b>155 576 000</b>

The amounts recognised in the statement of financial position are as follows:

**Carrying value**

Present value of the defined benefit obligation- Wholly unfunded	162 094 000	(155 576 000)
--	-------------	---------------

**Movements for the year**

Opening balance	(155 576 000)	(151 027 000)
Contributions - Current year	(6 518 000)	(4 549 000)
<b>Closing balance</b>	<b>162 094 000</b>	<b>(155 576 000)</b>

**Key assumptions used**

The projected unit credit method is used as the standard valuation methodology for the valuation done during the 2015/2016 financial period. Plan assets were valued at current market value as required by GRAP 25.

Assumptions used on last valuation on 30 June 2016.

Discount rates used	Yield Curve	Yield Curve
Medical inflation	CPI +1%	CPI +1%
Net effective discount rate	Yield Curve	Yield Curve

Other assumptions; Post retirement mortality PA (90-1) Retirement age 63 years

**Sensitivity analysis**

The impact of a 1% change in the medical aid inflation rate is reflected in the table underneath.

**Sensitivity to medical inflation**

Base	162 094 000	155 576 000
-1%	160 473 000	142 855 000
1%	163 715 000	169 509 000
	<b>486 282 000</b>	<b>467 940 000</b>

The employees of the Council as well as the Council as employer, contribute to municipal medical aids as listed below

	2016	2015
Bonitas	12 080 851	10 265 105
Hosmed	5 630 021	4 947 482
Key Health	8 266 806	8 890 886
LA Health	5 790 132	4 001 958
Samwumed	6 932 081	4 918 278
Resolution Health	14 504	19 943
Government Employees Medical Scheme	638 835	640 785
<b>Total</b>	<b>39 353 231</b>	<b>33 684 437</b>

45

**CHANGE IN ESTIMATE**

**Property, plant and Equipment**

During the current financial year, the useful lives of all asset classes were reviewed and adjusted to more accurately reflect the period of economic benefits or service potential derived from these assets. The effect of the review decreased the depreciation charges for the current period by R41 359 401.

**Intangible Assets**

During the current financial year, the useful lives of intangible asset items were reviewed and adjusted to more accurately reflect the period of economic benefits or service potential derived from these assets. The effect of the review decreased the depreciation charges for the current period by R560 330.

**46 EVENTS AFTER THE REPORTING PERIOD**

Local Government Elections were held on the 3rd August 2016

The Municipality was amalgamated with a portion of Aganang Municipality with effect from the 4th August 2016

**47 GOING CONCERN**

In terms of the accounting standard GRAP 1 paragraphs 27 to 30 the annual financial statements are prepared on a going concern basis. The assumption is based on the fact that the municipality has a constitutional mandate to levy additional rates or taxes to enable the municipality to be considered as a going concern even though the municipality will be operational for extended periods with negative net assets.

The municipality's budget is substantially funded by the government which has not announced any intention to cease funding the municipality. Furthermore, based on the current solvency and liquidity ratio's tests performed, the municipality's ability to operate as a going concern is not under threat.

**APPENDIX A**  
**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2016 (Unaudited)**

External Loans	Loan No.	Redeemable	Balance at 30 June 2015	Received during the period	Redeemed or written off during the period	Balance at June 2016	30
			R	R	R	R	
<b>LONG TERM LOANS</b>							
Stock Loan@10%	518	2015/16	7 799		7 799		0
Stock Loan@10%	520	2015/16	40 000		40 000		0
Stock Loan@10%	522	2015/16	6 829		6 829		0
Stock Loan@10%	524	2015/16	90 000		90 000		0
Stock Loan@10%	527	2015/16	20 000		20 000		0
			<b>164 628</b>	<b>0</b>	<b>164 628</b>		<b>0</b>
<b>ANNUITY LOAN</b>							
ANNUITY LOAN (DBSA) @ 1	61000907	2019/20	31 823 617	0	5 019 500		26 804 117
ANNUITY LOAN (DBSA) @ 1	61006782	2020/21	193 300 130	0	32 216 688		161 083 441
ANNUITY LOAN( INEP FROI	61007274	2017/18	0	42 800 000			42 800 000
			<b>225 123 747</b>	<b>42 800 000</b>	<b>37 236 188</b>		<b>230 687 558</b>
<b>Total External Loans</b>			<b>225 288 375</b>	<b>42 800 000</b>	<b>37 400 816</b>		<b>230 687 558</b>

	Historical Cost							Depreciation				Impairments			Carrying value	Revaluation reserve	
	Opening balance	Capital under construction	Additions for the year	Transfers	Fair value adjustments	Revaluation	De-recognition	Closing balance	Opening balance	Depreciation for the year	De-recognition	Closing balance	Opening balance	Impairment for the year	Closing balance	Carrying value	Closing balance
<b>COMMUNITY ASSETS</b>	<b>3 118 925 330</b>	<b>48 348 632</b>	<b>3 812 586</b>	-	-	-	-	<b>3 171 086 549</b>	<b>(1 566 606 246)</b>	<b>(91 203 059)</b>	-	<b>(1 657 809 305)</b>	<b>(131 285)</b>	-	<b>(131 285)</b>	<b>1 513 145 959</b>	<b>(701 180 754)</b>
Community facilities	682 798 083	-	3 359 603	-	-	-	-	686 157 686	(350 840 719)	(22 743 660)	-	(373 584 379)	(131 285)	-	(131 285)	312 442 022	(142 012 772)
Sport and recreation facilities	2 384 424 645	-	452 983	-	-	-	-	2 384 877 628	(1 215 765 527)	(68 459 399)	-	(1 284 224 926)	-	-	-	1 100 652 702	(559 067 982)
Capital under construction	51 702 603	48 348 632	-	-	-	-	-	100 051 235	-	-	-	-	-	-	-	100 051 235	-
<b>INFRASTRUCTURE ASSETS</b>	<b>14 213 194 237</b>	<b>(168 921 258)</b>	<b>579 347 724</b>	-	-	-	<b>(86 944 187)</b>	<b>14 536 676 516</b>	<b>(7 418 465 116)</b>	<b>(336 357 118)</b>	<b>37 847 035</b>	<b>(7 716 975 198)</b>	<b>(19 021)</b>	-	<b>(19 021)</b>	<b>6 819 682 297</b>	<b>(2 698 499 356)</b>
Infrastructure Assets	<b>13 663 817 390</b>	<b>(184 082 751)</b>	<b>577 275 978</b>	-	-	-	<b>(86 572 404)</b>	<b>13 970 438 213</b>	<b>(7 090 166 317)</b>	<b>(316 394 519)</b>	<b>37 586 239</b>	<b>(7 368 974 597)</b>	<b>(19 021)</b>	-	<b>(19 021)</b>	<b>6 601 444 595</b>	<b>(2 581 925 247)</b>
Electricity network	2 630 930 432	-	8 340 258	-	-	-	(330 176)	2 638 940 512	(1 766 056 925)	(62 127 088)	286 174	(1 827 897 840)	-	-	-	1 011 042 672	(487 072 624)
Information and communications network	22 867 892	-	-	-	-	-	-	22 867 892	(6 688 271)	(1 814 326)	-	(10 502 597)	-	-	-	12 365 295	(3 759 626)
Roads and Stormwater Network	6 241 606 706	-	420 266 894	-	-	-	(81 791 173)	6 580 082 427	(3 043 851 728)	(169 894 065)	34 804 969	(3 179 940 824)	-	-	-	3 401 141 603	(1 377 392 526)
Sanitation Network	1 063 970 320	-	2 200 277	-	-	-	-	1 066 170 597	(608 407 652)	(19 209 855)	-	(627 617 507)	-	-	-	438 553 090	(200 779 190)
Water supply network	2 999 802 076	-	146 468 550	-	-	-	(4 451 053)	3 141 819 572	(1 663 161 740)	(63 349 185)	2 495 096	(1 724 015 829)	(19 021)	-	(19 021)	1 417 784 722	(502 921 281)
Capital under construction	504 639 963	(184 082 751)	-	-	-	-	-	320 557 212	-	-	-	-	-	-	-	320 557 212	-
<b>Other Assets</b>	<b>548 072 079</b>	<b>15 161 493</b>	<b>2 071 746</b>	-	-	-	<b>(371 783)</b>	<b>564 933 535</b>	<b>(328 288 799)</b>	<b>(19 962 599)</b>	<b>260 796</b>	<b>(348 000 602)</b>	-	-	-	<b>216 932 834</b>	<b>(116 049 583)</b>
Housing	26 263 205	-	-	-	-	-	-	26 263 205	(16 902 703)	(578 297)	-	(17 481 010)	-	-	-	8 782 195	(4 555 726)
Operational Buildings	511 214 381	-	2 071 746	-	-	-	(371 783)	512 914 344	(311 396 086)	(19 384 301)	260 796	(330 519 591)	-	-	-	182 394 752	(111 493 517)
Capital under construction	10 594 494	15 161 493	-	-	-	-	-	25 755 987	-	-	-	-	-	-	-	25 755 987	-
<b>Intangible Assets</b>	<b>1 304 768</b>	-	-	-	-	-	-	<b>1 304 768</b>	-	-	-	-	-	-	-	<b>1 304 768</b>	<b>(524 526)</b>
Electricity network	777 325	-	-	-	-	-	-	777 325	-	-	-	-	-	-	-	777 325	(312 490)
Sanitation Network	215 879	-	-	-	-	-	-	215 879	-	-	-	-	-	-	-	215 879	(86 785)
Water supply network	311 563	-	-	-	-	-	-	311 563	-	-	-	-	-	-	-	311 563	(125 251)
<b>LAND</b>	<b>170 912 341</b>	-	<b>67 421 000</b>	<b>(1 000)</b>	-	-	-	<b>238 332 341</b>	-	-	-	-	-	-	-	<b>238 332 341</b>	<b>(8 939 086)</b>
Land	170 912 341	-	67 421 000	(1 000)	-	-	-	238 332 341	-	-	-	-	-	-	-	238 332 341	(8 939 086)
<b>OTHER and MOVABLE</b>	<b>134 667 027</b>	-	<b>20 352 921</b>	-	-	-	<b>(4 733 958)</b>	<b>150 285 989</b>	<b>(83 647 584)</b>	<b>(20 501 018)</b>	<b>4 246 778</b>	<b>(99 901 824)</b>	-	-	-	<b>50 384 166</b>	<b>-</b>
Computer Equipment	7 661 577	-	764 886	-	-	-	-	8 426 463	(4 455 893)	(1 137 752)	-	(5 593 645)	-	-	-	2 832 818	-
Furniture and Office Equipment	26 817 601	-	4 622 665	-	-	-	-	31 440 266	(17 424 060)	(3 438 494)	-	(20 862 554)	-	-	-	10 577 712	-
Machinery and Equipment	5 848 370	-	3 812 498	-	-	-	-	9 660 868	(2 598 008)	(1 277 854)	-	(3 875 862)	-	-	-	5 785 006	-
Other Movable Assets	-	-	4 794 610	-	-	-	-	4 794 610	-	(453 072)	-	(453 072)	-	-	-	4 341 537	-
Transport Assets	70 541 576	-	906 157	-	-	-	(1 791 273)	69 656 459	(37 528 130)	(11 877 556)	1 501 863	(47 903 823)	-	-	-	21 752 636	-
Cellphones and Tablets	2 942 685	-	5 007 280	-	-	-	(2 942 685)	5 007 280	(1 519 469)	(1 952 171)	2 744 915	(726 724)	-	-	-	4 280 556	-
Library Books	20 855 217	-	444 825	-	-	-	-	21 300 043	(20 122 025)	(364 118)	-	(20 486 143)	-	-	-	813 900	-
<b>BIOLOGICAL ASSETS</b>	<b>14 277 750</b>	-	-	-	<b>(6 190 029)</b>	-	-	<b>8 087 721</b>	-	-	-	-	-	-	-	<b>8 087 721</b>	<b>-</b>
Biological Assets	14 277 750	-	-	-	(6 190 029)	-	-	8 087 721	-	-	-	-	-	-	-	8 087 721	-
<b>INTANGIBLE ASSETS</b>	<b>11 574 990</b>	-	<b>750 000</b>	-	-	-	<b>(1 771 295)</b>	<b>10 553 695</b>	<b>(8 259 628)</b>	<b>(991 393)</b>	<b>1 771 295</b>	<b>(8 479 726)</b>	-	-	-	<b>2 073 969</b>	<b>-</b>
Intangible Assets	11 574 990	-	750 000	-	-	-	(1 771 295)	10 553 695	(8 259 628)	(991 393)	1 771 295	(8 479 726)	-	-	-	2 073 969	-
<b>INVESTMENT PROPERTY</b>	<b>617 158 459</b>	-	<b>17 025 245</b>	<b>1 000</b>	<b>24 304 533</b>	-	-	<b>658 489 238</b>	-	-	-	-	-	-	-	<b>658 489 238</b>	<b>-</b>
Investment Property	617 158 459	-	17 025 245	1 000	24 304 533	-	-	658 489 238	-	-	-	-	-	-	-	658 489 238	-
<b>HERITAGE ASSETS</b>	<b>15 609 153</b>	-	-	-	-	-	-	<b>15 609 153</b>	-	-	-	-	-	-	-	<b>15 609 153</b>	<b>-</b>
Heritage Assets	15 609 153	-	-	-	-	-	-	15 609 153	-	-	-	-	-	-	-	15 609 153	-
<b>FINANCE LEASES</b>	<b>130 430 667</b>	-	-	-	-	-	-	<b>130 430 667</b>	<b>(49 706 897)</b>	<b>(26 157 602)</b>	-	<b>(75 864 500)</b>	-	-	-	<b>54 566 167</b>	<b>-</b>
Leased Assets	130 430 667	-	-	-	-	-	-	130 430 667	(49 706 897)	(26 157 602)	-	(75 864 500)	-	-	-	54 566 167	-
<b>Grand Total</b>	<b>18 426 749 954</b>	<b>(120 572 626)</b>	<b>688 709 476</b>	-	<b>18 114 504</b>	-	<b>(93 449 440)</b>	<b>18 919 551 869</b>	<b>(9 127 685 471)</b>	<b>(475 210 190)</b>	<b>43 865 109</b>	<b>(9 559 030 552)</b>	<b>(150 306)</b>	-	<b>(150 306)</b>	<b>9 360 371 011</b>	<b>(3 408 519 196)</b>



	Historical cost							Depreciation				Impairments			Carrying value	Revaluation reserve
	Opening Cost / Revaluation	Capital under construction	Additions for the year	Donations received	Fair value adjustments	Derecognition/Disposals for the year	Closing Cost /Revaluation	Opening balance	Depreciation for the year	Acc Depreciation on Derecognition/Disposal	Closing balance	Opening balance	Impairment for the year	Closing balance	Carrying value	Closing balance
<b>Council</b>	<b>794 880 153</b>	-	<b>96 442 349</b>	-	<b>24 304 533</b>	-	<b>915 627 035</b>	<b>(4 095 644)</b>	<b>(2 186 262)</b>	-	<b>(6 281 906)</b>	-	-	-	<b>909 345 129</b>	<b>(8 939 086)</b>
Council General	794 880 153	-	96 442 349	-	24 304 533	-	915 627 035	(4 095 644)	(2 186 262)	-	(6 281 906)	-	-	-	909 345 129	(8 939 086)
<b>Directorate Budget &amp; Treasury</b>	<b>19 075 990</b>	-	-	-	-	-	<b>19 075 990</b>	<b>(11 216 406)</b>	<b>(680 586)</b>	-	<b>(11 896 993)</b>	-	-	-	<b>7 178 997</b>	<b>(3 956 527)</b>
Budget and Treasury	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Chief Financial Officer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supply Chain Management	19 075 990	-	-	-	-	-	19 075 990	(11 216 406)	(680 586)	-	(11 896 993)	-	-	-	7 178 997	(3 956 527)
<b>Directorate Community Development</b>	<b>2 589 602 646</b>	-	<b>2 558 538</b>	-	-	-	<b>2 592 161 185</b>	<b>(1 342 725 171)</b>	<b>(76 749 222)</b>	-	<b>(1 419 474 394)</b>	-	-	-	<b>1 172 686 791</b>	<b>(590 547 204)</b>
Cultural Services	161 043 087	-	483 350	-	-	-	161 526 437	(95 626 482)	(5 637 301)	-	(101 263 783)	-	-	-	60 262 655	(27 106 521)
Director Community Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Facility Management	68 427 300	-	1 458 697	-	-	-	69 885 997	(41 918 404)	(2 775 027)	-	(44 693 430)	-	-	-	25 192 567	(12 076 169)
Sports & Recreation	2 360 132 260	-	616 491	-	-	-	2 360 748 751	(1 205 180 286)	(68 336 895)	-	(1 273 517 181)	-	-	-	1 087 231 570	(551 364 514)
<b>Directorate Community Services</b>	<b>525 113 860</b>	-	<b>4 083 633</b>	-	-	<b>(1 011 773)</b>	<b>528 185 720</b>	<b>(265 615 885)</b>	<b>(22 246 066)</b>	<b>883 128</b>	<b>(286 978 822)</b>	<b>(8 402)</b>	-	<b>(8 402)</b>	<b>241 198 496</b>	<b>(102 942 711)</b>
Community Health Services	5 933 867	-	1 067	-	-	-	5 934 934	(3 172 973)	(181 424)	-	(3 354 397)	-	-	-	2 580 537	(1 301 970)
Director Community Services	1 763	-	349 004	-	-	-	350 766	(1 656)	(4 376)	-	(6 032)	-	-	-	344 735	-
Disaster Management	104 522 821	-	65 109	-	-	(1 011 773)	103 576 157	(61 248 763)	(5 992 346)	883 128	(66 357 981)	-	-	-	37 218 176	(16 035 576)
Environmental Management	249 550 136	-	150 616	-	-	-	249 700 952	(115 044 778)	(8 011 872)	-	(123 056 651)	(8 402)	-	(8 402)	126 635 909	(59 781 418)
Security Services	305 769	-	8 000	-	-	-	313 769	(223 877)	(32 578)	-	(256 455)	-	-	-	57 314	-
Traffic and Licensing	21 553 514	-	809 919	-	-	-	22 363 433	(14 387 507)	(1 473 552)	-	(15 861 050)	-	-	-	6 502 374	(2 950 293)
Waste Management	143 245 991	-	2 699 718	-	-	-	145 945 709	(71 536 331)	(6 549 918)	-	(78 086 249)	-	-	-	67 859 461	(21 973 454)
<b>Directorate Corporate and Shared Services</b>	<b>171 552 037</b>	-	<b>6 564 794</b>	-	-	<b>(4 713 980)</b>	<b>173 402 851</b>	<b>(70 719 639)</b>	<b>(31 526 606)</b>	<b>4 516 210</b>	<b>(97 730 936)</b>	-	-	-	<b>75 672 814</b>	<b>(3 759 626)</b>
Human Resources	2 628 628	-	638 771	-	-	-	3 267 399	(939 433)	(478 120)	-	(1 417 552)	-	-	-	1 849 846	-
Information services	37 861 736	-	5 757 280	-	-	(4 713 980)	38 905 037	(19 605 006)	(4 812 244)	4 516 210	(19 801 039)	-	-	-	19 003 997	(3 759 626)
Legal Services	370 344	-	163 622	-	-	-	541 965	(261 461)	(59 681)	-	(321 162)	-	-	-	220 803	-
Mechanical Services	130 663 329	-	5 121	-	-	-	130 668 450	(49 913 719)	(26 176 563)	-	(76 090 282)	-	-	-	54 598 168	-
Secretariat	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Directorate Engineering Services</b>	<b>13 202 048 737</b>	-	<b>578 255 898</b>	-	-	<b>(87 351 904)</b>	<b>13 692 952 730</b>	<b>(7 120 574 122)</b>	<b>(321 635 115)</b>	<b>38 204 974</b>	<b>(7 404 004 263)</b>	<b>(19 021)</b>	-	<b>(19 021)</b>	<b>6 288 929 446</b>	<b>(2 583 103 182)</b>
Director Engineering Services	196 249	-	-	-	-	-	196 249	(160 201)	(15 707)	-	(175 907)	-	-	-	20 251	-
Energy services	2 870 021 351	-	1 909 634	-	-	(483 686)	2 878 707 599	(1 788 638 150)	(66 602 099)	403 139	(1 853 837 109)	-	-	-	1 024 870 490	(500 318 679)
Road Transport Infrastructure Services	6 256 962 557	-	420 266 894	-	-	(82 417 165)	6 594 812 286	(3 054 499 655)	(172 004 335)	35 306 738	(3 191 197 252)	-	-	-	3 403 615 034	(1 378 283 057)
Sanitation Services	1 069 877 035	-	2 215 636	-	-	-	1 071 092 671	(609 142 818)	(19 591 280)	-	(628 734 107)	-	-	-	442 358 763	(200 865 975)
Water Services	3 005 991 545	-	146 603 234	-	-	(4 451 053)	3 148 143 725	(1 668 133 299)	(64 421 594)	2 495 096	(1 730 059 797)	(19 021)	-	(19 021)	1 418 064 907	(503 635 471)
<b>Directorate Planning &amp; Economic Development</b>	<b>417 127 685</b>	-	<b>518 915</b>	-	<b>(6 190 029)</b>	-	<b>411 456 571</b>	<b>(230 636 507)</b>	<b>(16 483 444)</b>	-	<b>(247 119 950)</b>	-	-	-	<b>164 336 621</b>	<b>(87 665 751)</b>
Building Regulations	2 834 542	-	449 136	-	-	-	3 283 678	(1 611 477)	(478 308)	-	(2 089 786)	-	-	-	1 193 893	-
City & Regional Development	352 381 129	-	-	-	-	-	352 381 129	(208 898 556)	(14 593 528)	-	(223 492 085)	-	-	-	128 889 044	(81 630 704)
Director Planning & Economic Development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic Development & Tourism	35 456 034	-	19 601	-	(6 190 029)	-	29 285 605	(3 081 700)	(809 259)	-	(3 890 959)	-	-	-	25 394 646	(1 479 322)
Housing	26 455 980	-	50 178	-	-	-	26 506 159	(17 044 774)	(602 347)	-	(17 647 120)	-	-	-	8 859 038	(4 555 726)
<b>Directorate Strategic Planning, Monitoring and Eval</b>	<b>31 273 932</b>	-	<b>279 889</b>	-	-	<b>(371 783)</b>	<b>31 182 039</b>	<b>(22 163 010)</b>	<b>(990 021)</b>	<b>260 796</b>	<b>(22 882 235)</b>	-	-	-	<b>8 289 804</b>	<b>(5 250 411)</b>
IDP	379 850	-	-	-	-	-	379 850	(284 890)	(36 106)	-	(320 996)	-	-	-	58 854	-
Performance Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cluster Offices	30 894 083	-	279 889	-	-	(371 783)	30 802 189	(21 878 120)	(953 916)	260 796	(22 571 240)	-	-	-	8 230 950	(5 250 411)
<b>Directorate Transport Operations</b>	<b>108 654 115</b>	-	-	-	-	-	<b>108 654 115</b>	<b>(59 634 615)</b>	<b>(2 657 979)</b>	-	<b>(62 292 593)</b>	<b>(122 883)</b>	-	<b>(122 883)</b>	<b>46 238 638</b>	<b>(23 254 699)</b>
Transport Operations	108 654 115	-	-	-	-	-	108 654 115	(59 634 615)	(2 657 979)	-	(62 292 593)	(122 883)	-	(122 883)	46 238 638	(23 254 699)
<b>Office of the Municipal Manager</b>	<b>483 740</b>	-	<b>5 459</b>	-	-	-	<b>489 199</b>	<b>(304 472)</b>	<b>(54 888)</b>	-	<b>(359 360)</b>	-	-	-	<b>129 839</b>	<b>-</b>
Communications & Marketing	483 740	-	5 459	-	-	-	489 199	(304 472)	(54 888)	-	(359 360)	-	-	-	129 839	-
Internal Audit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Municipal Manager	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Risk Management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Capital under Construction</b>	<b>566 937 060</b>	<b>(120 572 626)</b>	-	-	-	-	<b>446 364 435</b>	-	-	-	-	-	-	-	<b>446 364 435</b>	<b>-</b>
Capital under Construction	566 937 060	(120 572 626)	-	-	-	-	446 364 435	-	-	-	-	-	-	-	446 364 435	-
	<b>18 426 749 954</b>	<b>(120 572 626)</b>	<b>688 709 476</b>	-	<b>18 114 504</b>	<b>(93 449 440)</b>	<b>18 919 551 869</b>	<b>(9 127 685 471)</b>	<b>(475 210 190)</b>	<b>43 865 109</b>	<b>(9 559 030 552)</b>	<b>(150 306)</b>	-	<b>(150 306)</b>	<b>9 360 371 011</b>	<b>(3 408 519 196)</b>

## Appendix D Segmental Statement of Financial Performance 30 June 2016 (Unaudited)

Description	2014/2015	2015/16		
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual
<b>R thousands</b>				
<b><u>Revenue - Standard</u></b>				
<i><b>Governance and administration</b></i>	<b>1 439 031 024</b>	<b>1 587 118 093</b>	<b>1 667 836 093</b>	<b>1 551 717 459</b>
Executive and council	0	0	0	0
Budget and treasury office	325 868 706	397 887 495	379 410 251	380 531 228
Corporate services	1 113 162 318	1 189 230 598	1 288 425 842	1 171 186 231
<i><b>Community and public safety</b></i>	<b>16 614 707</b>	<b>37 581 913</b>	<b>35 581 913</b>	<b>25 786 889</b>
Community and social services	2 041 158	2 551 606	2 551 606	2 263 683
Sport and recreation	4 294 518	15 691 800	13 691 800	6 106 511
Public safety	10 267 649	17 174 650	17 174 650	17 405 371
Housing	11 382	43 857	43 857	11 325
Health	0	2 120 000	2 120 000	0
<i><b>Economic and environmental services</b></i>	<b>41 545 928</b>	<b>72 905 912</b>	<b>72 906 912</b>	<b>41 161 220</b>
Planning and development	30 794 202	61 145 101	61 146 101	30 012 133
Road transport	8 841 333	9 505 757	9 505 757	7 942 860
Environmental protection	1 910 394	2 255 054	2 255 054	3 206 227
<i><b>Trading services</b></i>	<b>989 286 833</b>	<b>1 173 145 082</b>	<b>1 173 145 082</b>	<b>1 170 660 769</b>
Electricity	658 285 402	793 681 150	793 681 150	764 717 790
Water	223 249 429	259 055 145	259 055 145	288 462 912
Waste water management	49 064 812	55 325 708	55 325 708	52 800 385
Waste management	58 687 189	65 083 079	65 083 079	64 679 682
<b>Total Revenue - Standard</b>	<b>2 486 478 493</b>	<b>2 870 751 000</b>	<b>2 949 470 000</b>	<b>2 789 326 337</b>
<b><u>Expenditure - Standard</u></b>				
<i><b>Governance and administration</b></i>	<b>709 484 713</b>	<b>508 590 471</b>	<b>526 684 087</b>	<b>711 430 918</b>
Executive and council	193 506 479	107 554 537	117 638 537	200 021 673
Budget and treasury office	124 232 210	135 458 441	136 686 441	125 554 744
Corporate services	391 746 024	265 577 493	272 359 109	385 854 502
<i><b>Community and public safety</b></i>	<b>348 972 819</b>	<b>349 755 798</b>	<b>353 912 753</b>	<b>371 936 810</b>
Community and social services	79 755 158	80 961 202	81 128 218	83 198 574
Sport and recreation	123 353 282	101 122 748	105 278 628	120 445 228
Public safety	134 147 277	154 094 474	154 182 093	155 011 026
Housing	7 580 711	9 260 737	9 031 677	9 068 528
Health	4 136 391	4 316 637	4 292 137	4 213 454
<i><b>Economic and environmental services</b></i>	<b>359 898 734</b>	<b>191 358 094</b>	<b>206 300 066</b>	<b>391 087 897</b>
Planning and development	60 198 435	90 994 157	91 409 657	64 210 782
Road transport	291 523 694	90 273 597	105 361 401	318 612 078
Environmental protection	8 176 605	10 090 340	9 529 008	8 265 036
<i><b>Trading services</b></i>	<b>1 198 276 740</b>	<b>1 238 855 637</b>	<b>1 235 073 094</b>	<b>1 321 666 606</b>
Electricity	682 887 491	792 179 569	789 386 888	820 140 266
Water	315 982 856	295 408 724	291 823 701	318 482 385
Waste water management	133 399 050	86 367 546	88 690 107	112 295 797
Waste management	66 007 342	64 899 798	65 172 398	70 748 158
<b>Total Expenditure - Standard</b>	<b>2 616 633 005</b>	<b>2 288 560 000</b>	<b>2 321 970 000</b>	<b>2 796 122 231</b>
<b>Surplus/ (Deficit) for the year</b>	<b>-130 154 512</b>	<b>582 191 000</b>	<b>627 500 000</b>	<b>-6 795 894</b>

**APPENDIX E (1)**  
**ACTUAL OPERATING VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2016(Unaudited)**

	2016 Actual R	2016 Budget R	2016 Variance R	2016 Variance %	Explanations of significant variances greater than 10% versus budget
<b>REVENUE</b>					
Property rates	281 023 721	314 000 000	(32 976 279)	(10.50)	This came as a result of the implementation of the new valuation which undervalued some properties as compared to the previous valuation roll.
Service charges	1 092 044 555	1 095 348 067	(3 303 512)	(0.30)	
Rental of facilities and equipment	12 342 192	19 711 177	(7 368 985)	(37.38)	Rental of the Peter Mokaba Stadium to the amount of R9 million did not materialize
Interest earned – external investments	27 592 762	37 000 000	(9 407 238)	(25.42)	Over budgeted due to underspending of grant expenditure
Interest earned – outstanding debtors	54 307 169	25 800 000	28 507 169	110.49	Under budgeted due to non payment of consumer debtors
Fines	17 128 585	13 725 784	3 402 801	24.79	Over budgeted due to new implementation of doubt full fines provision.
Licensing & permits	8 100 962	9 570 079	(1 469 117)	(15.35)	Over budgeted of revenue
Revenue for agency services	15 931 818	16 595 572	( 663 754)	(4.00)	
Government grants & subsidies – operating	616 432 887	678 860 000	(62 427 114)	(9.20)	
Government grants & subsidies – capital	473 584 799	470 853 657	2 731 142	0.58	
Public contributions, donated and contributed	3 355 674	0	3 355 674	-	
Other revenue	187 481 214	268 005 664	(80 524 450)	(30.05)	Contribution from accumulated surplus during the adjustment buget (R125 million) was not necessary.
<b>Total Revenue</b>	<b>2 789 326 337</b>	<b>2 949 470 000</b>	<b>(160 143 663)</b>	<b>(5.43)</b>	
<b>EXPENDITURE</b>					
Employee related costs	598 398 759	581 111 186	17 287 573	2.97	
Remuneration of councillors	27 019 623	28 348 587	(1 328 964)	(4.69)	
Bad debt provision	76 708 428	50 000 000	26 708 428	53.42	Provision for bad debt insufficient due to new impairment policy.
Collection costs	0	0	0	-	
Depreciation	475 210 190	491 964 008	(16 753 818)	(3.41)	Under budgeted. New service provider applied revaluation model
Repairs & maintenance	199 521 474	203 941 962	(4 420 488)	(2.17)	
Finance costs	33 955 931	35 585 363	(1 629 432)	(4.58)	Over budgeted for finance leas cost
Bulk purchases	748 278 150	748 891 192	( 613 042)	(0.08)	
Grants & subsidies paid	17 180 000	17 180 000	0	-	
General expenses	586 464 904	451 911 710	134 553 194	29.77	
Gain / loss on disposal of assets	(49 584 331)	0	(49 584 331)	-	Gain / (loss) on fair value/ disposal/impairment of assets to the amount of R81.1 million and R42.4 million for debt incentive which was not budgeted for. Actuarial valuations on leave reserva and rehabilitation of landfill sites were overspent by R30.2 million
Gain / (loss) on fair value adjustment	18 114 504		18 114 504	-	- Not budget for
<b>Total Expenditure</b>	<b>2 731 267 632</b>	<b>2 608 934 008</b>	<b>122 333 624</b>	<b>4.69</b>	- Not budget for

NET SURPLUS/(DEFICIT) FOR THE YEAR				
	58 058 706	340 535 992	(282 477 286)	(82.95)

**APPENDIX E (2)**  
**ACTUAL CAPITAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)**  
**FOR THE YEAR ENDED 30 JUNE 2016(Unaudited)**

	2016 Budget R	2016 Actual R	2016 Variance R	2016 Variance %	Explanations of significant variances greater than 10% versus budget
<b>EXECUTIVE &amp; COUNCIL</b>	<b>906 157</b>	<b>906 157</b>	<b>0</b>	0.00	
Council	906 157	906 157	0	0.00	On target-Under 10%- No explanation required
<b>BUDGET &amp; TREASURY OFFICE</b>	<b>5 000 000</b>	<b>4 999 464</b>	<b>536</b>	0.01	
Finance	5 000 000	4 999 464	536	0.01	On target-Under 10%- No explanation required
<b>CORPRATE SERVICES</b>	<b>4 272 351</b>	<b>4 748 241</b>	<b>475 890</b>	11.14	
Information Technology	3 900 000	4 375 890	475 890	12.20	Over spent Assets funded from FMG Grant
Other & Admin	372 351	372 351	(0)	(0.00)	
<b>PLANNING &amp; DEVELOPMENT</b>	<b>3 466 901</b>	<b>3 393 558</b>	<b>(73 343)</b>	(2.12)	
Town Planning/Building Inspections	3 466 901	3 393 558	(73 343)	(2.12)	On target-Under 10%- No explanation required
<b>ROAD TRANSPORT</b>	<b>317 057 070</b>	<b>282 664 514</b>	<b>(34 392 556)</b>	(10.85)	
Roads & Storm water	120 700 195	101 517 026	(19 183 169)	(15.89)	Under spending/ contract less than budget amount
Transportation	196 356 875	181 147 488	(15 209 387)	(7.75)	On target-Under 10%- No explanation required
<b>COMMUNITY &amp; SOCIAL</b>	<b>22 988 840</b>	<b>19 283 170</b>	<b>(3 705 670)</b>	(16.12)	
Libraries & Archives	1 800 000	1 659 499	(140 501)	(7.81)	On target-Under 10%- No explanation required
Community Health services	583 000	299 000	(284 000)	(48.71)	
Civic centre	20 605 840	17 324 671	(3 281 169)		
<b>ENVIRONMENTAL PROTECTION</b>	<b>3 800 000</b>	<b>3 555 823</b>	<b>(244 177)</b>	(6.43)	
Parks & Open areas	3 800 000	3 555 823	(244 177)	(6.43)	On target-Under 10%- No explanation required
<b>PUBLIC SAFETY</b>	<b>6 224 160</b>	<b>3 275 871</b>	<b>(2 948 289)</b>	(47.37)	
Traffic	1 976 832	1 181 281	(795 551)	(40.24)	Under spending/ contract less than budget amount
Fire	3 227 722	2 094 590	(1 133 132)	(35.11)	Under spending/ contract less than budget amount
Safety & security	1 019 606	-	(1 019 606)	(100.00)	Did not implement projects
<b>SPORT &amp; RECREATION</b>	<b>56 486 350</b>	<b>47 343 876</b>	<b>(9 142 474)</b>	(16.19)	
Sport & Recreation	56 486 350	47 343 876	(9 142 474)	(16.19)	Under spending/ contract less than budget amount
<b>WASTE WATER MANAGEMENT</b>	<b>600 000</b>	<b>571 341</b>	<b>(28 659)</b>	(4.78)	
Sewerage	600 000	571 341	(28 659)	(4.78)	
<b>WASTE MANAGEMENT</b>	<b>3 144 793</b>	<b>3 843 175</b>	<b>698 382</b>	22.21	
Solid Waste	3 144 793	3 843 175	698 382	22.21	Under spending/ contract less than budget amount
<b>WATER</b>	<b>196 055 615</b>	<b>166 720 160</b>	<b>(29 335 455)</b>	(14.96)	
Water Distribution	196 055 615	166 720 160	(29 335 455)	(14.96)	Under spending/ contract less than budget amount
<b>ELECTRICITY</b>	<b>6 283 099</b>	<b>5 163 091</b>	<b>(1 120 008)</b>	(17.83)	
Electricity Distribution	6 283 099	5 163 091	(1 120 008)	(17.83)	Under spending/ contract less than budget amount
<b>TOTAL</b>	<b>626 285 336</b>	<b>546 468 441</b>	<b>(79 815 824)</b>	(12.74)	

**APPENDIX F**  
**DISCLOSURE OF GRANTS AND SUBSIDIES FOR THE YEAR ENDED 30 JUNE 2016(Unaudited)**

**DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Name of Grants	Quarterly receipts R					Quarterly Expenditure for the Year R					Delay i withheld	Gazette amount Municipal year	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non- compliance
	Sep	Dec	March	June	Total	Sep	Dec	March	June	Total				
Equitable share	217 748 000	18 264 000	286 583 000		522 595 000	130 648 750	105 363 250	155 934 250	130 648 750	522 595 000	No	522 595 000	Yes	Not Applicable
Finance Management Grant	1 875 000	0	0		1 875 000	489 645	340 301	292 784	752 271	1 875 000	No	1 875 000	Yes	Not Applicable
Mun Systems Improvement Grant	930 000	0	0		930 000	232 500	232 500	232 500	232 500	930 000	No	930 000	Yes	Not Applicable
Mun Infrastructure Grant	88 890 000	88 890 000	98 020 000		275 800 000	23 468 380	25 393 624	216 110 141	121 463 350	386 435 495	No	386 435 495	Yes	Not Applicable
Water Services Operating Subsidy Grant(o&m/sal)	0	0	0		0	4 856 574	6 724 352	9 259 258		20 840 184	No	20 840 184	Yes	Not Applicable
Public Transport Infrastructure Grant	46 047 000	46 047 000	92 095 000		184 189 000	13 338 037	36 522 216	65 092 785	79 125 635	194 078 673	No	194 078 673	Yes	Slow spending
Extended publics work programme	1 806 000	1 355 000	1 355 000		4 516 000	783 481	1 381 418	1 102 897	1 248 204	4 516 000	No	4 516 000	Yes	Not Applicable
Integrated National Electrification Programme	30 000 000	10 000 000	0		40 000 000	30 000 000	10 000 000			40 000 000	No	40 000 000	Yes	Not Applicable
Neighbourhood Dev Partnership Grant	14 824 000	0	16 248 000		31 072 000	3 537 937	9 718 541	9 312 919	5 757 843	28 327 240	No	28 327 240	Yes	Not Applicable
Infrastructure Skills Development	2 250 000	0	2 750 000		5 000 000			2 250 000	2 750 000	5 000 000	No	5 000 000	Yes	Not Applicable
	404 370 000	164 556 000	497 051 000	-	1 065 977 000	207 355 304	195 676 201	459 587 534	341 978 553	1 204 597 591	-	1204 597 591		

**ANNEXURE G**  
**POLOKWANE MUNICIPALITY**  
**CONTINGENT LIABILITIES FOR THE YEAR ENDED 30 JUNE 2016(Unaudited)**

Date	Type of case	Summary of case	Name of parties	Authority that dealt with the case e.g. High Court	Amount involved	Outcome	Costs to the Municipality	Law firm used	Date finalized
4/12/2012	Civil	Damages suffered as a result of exposure to inhalation of gases, chemicals and dust	Mmanyaka Patrick Machaba/ Polokwane Municipality	North Gauteng High Court	4 000 000	Matter still pending in court	R76 237.80	Mohale Incorporated	In progress
16/1/2013	Civil	Termination of agreement	Phuthinare Traders cc/ Polokwane Municipality	North Gauteng High Court	1 399 003	Matter still pending, no further step taken after filing of plea	R133 042.58	N Mohale Incorporated	In progress
12/6/2012	Civil	Personal damages as a result of accident	Godknows Tshuma/ Polokwane municipality	North Gauteng High Court	35 939	Awaiting trial date	R47 532.30	A. M. Carrim Attorneys	In progress
20/6/2013	Civil	Damage as a result of storm water	J.H.S Bester & another/ Polokwane Municipality	Plk Mag Court	61 599	Matter still pending in court, expert witnesses to hold pre trial conference	No invoice submitted	N Mohale Incorporated	In progress
6/9/2013	Civil	Damages as a result of motor collision	Mogoma Samuel Seabi/ Plk Municipality	Plk Mag Court	75 000	Claimant rejected offer from the Insurance and issued summons	None- Internal	Matter handled internally	In progress
22/2/2012	Civil	Damages	Dr. O.R Tshikosi v Polokwane & Others	Plk Mag Court	300 000	Matter still pending	R 5 399.00	De Bruin Oberholzer Att	In progress
21/2/2012	Civil	Damages (Pothole)	K.J Ngoasheng v Polokwane	Plk Mag Court	8 982	Matter still pending	R14 990.80	Matter handled internally	In progress
4/4/2011	Civil	Non-payment for services rendered	E.C Deacon t/a P&L Services v Polokwane	Plk Mag Court	41 317	Judgment for rescission of judgment reserved	No invoice submitted	Mohale Inc. Att.	In progress
4/4/2011	Civil	Non-payment for services rendered	E.C Deacon t/a K T Services	Plk Mag Court	82 527	Judgment for rescission of judgment reserved	No invoice submitted	Mohale Inc. Att.	In progress
15/07/2010	Civil	Motor vehicle collision	E Phooko v Polokwane	Plk Mag court	45 360	Matter still pending in court	R15 760.00	Jeff Mathabatha Attorneys.	In progress
22/09/2011	Civil	Damages (pain & suffering)	A D Friedendal v Polokwane	Plk Mag Court	113 289	Matter still pending in court	Matter referred to the Insurance.	Referral to the Insurance.	In progress
7/11/2013	Civil	Pothole collision	Ramadimetja Melda Chabangu/ Polokwane Municipality	Internal intervention	1 938	Awaiting Departmental report from Roads & Storm Water	None- Internal	Referral to the Insurance.	In progress
3/12/2013	Civil	Storm water damage	Tess Jerkins. Polokwane Municipality	Internal intervention	62 646	Awaiting report from the Insurance	None- Internal	Referral to the Insurance.	In progress
21/11/2013	Civil	Open hole injury	Soufo Mampshe Jacob/ Polokwane Municipality	Internal intervention	10 000	Awaiting report from the Insurance	None- Internal	Referral to the Insurance.	In progress
11/11/2013	Civil	Motor collision	No names mentioned in the claim	Internal intervention	67 580	Awaiting report from the Insurance	None- Internal	Referral to the Insurance.	In progress
22/1/2014	Civil	Motor collision	Joel Makgata/ Polokwane Municipality	Polokwane Magistrate Court	53 799	Awaiting report from the Insurance	None- Internal	Referral to the Insurance.	In progress
5/3/2014	Civil	Pothole collision	Charles Errol Hlupekha/ Polokwane Municipality	Magistrate Court Mankweng	19 495	Matter still pending in court	No invoice submitted	Maboku Mangena Attorneys	In progress
5/3/2014	Civil	Defamation of character	Mers Lerake Motshekgu/ Polokwane Municipality	Polokwane Regional Court	300 000	matter postponed <i>sine die</i>	No invoice submitted	Pule Incorporated	In progress
19/2/2014	Civil	Damages for falling into a ditch	J.P Neethling/ Polokwane Municipality	High Court	2 000 000	Awaiting report from the Insurance	None- Internal	Internal intervention	In progress
1/8/2014	Civil	Rental agreement	Pietersburg Police Social Club/ Polokwane Municipality	Polokwane Magistrate Court	57 000	Matter still pending in court	None- Internal	Internal intervention	In progress

**ANNEXURE G**  
**POLOKWANE MUNICIPALITY**  
**CONTINGENT LIABILITIES FOR THE YEAR ENDED 30 JUNE 2016(Unaudited)**

8/11/2013	Civil	Motor collision	W. De Jongh/Polokwane Municipality	Polokwane Magistrate Court	13 152	Awaiting trial date	Invoice to be submitted	Carrim Attorneys	In progress
29/4/2014	Civil	Pothole collision	DP Service centre/ Polokwane Municipality	Polokwane Magistrate Court	96 164	Awaiting report from Roads and Storm Water	None- Internal	Referral to the Insurance.	In progress
8/9/2014	Civil	Pothole collision	Kgadimotso Chemical Suppliers/ Polokwane Municipality	Polokwane Magistrate Court	74 109	Awaiting report from the Insurance	None- Internal	Referral to the Insurance.	In progress
8/9/2014	Civil	Motor collision	Mathabathe Magdalene Mokoale/ Polokwane Municipality	Polokwane Magistrate Court	24 257	Awaiting report from the Insurance	None- Internal	Referral to the Insurance	In progress
5/12/2014	Civil	Motor collision	Jeff Mathabatha/ Polokwane Municipality	Polokwane Magistrate Court	100 000	Matter still pending in court	None- Internal	Handled internally	In progress
30/1/2015	Civil	Pothole collision	Makonde Bethuel Phaswane/ Polokwane Municipality	Polokwane Magistrate Court	20 033	Matter still pending in court	None- Internal	Referral to the Insurance.	In progress
18/2/2015	Civil	Damages suffered for death as a result of electrocution	Johannes Skele Mogashoa/ Polokwane Municipality	Polokwane Regional Court	400 000	Matter still pending in court	None- Internal	Referral to the Insurance.	In progress
23/4/2015	Civil	Motor collision	James Mohale Maake/ Polokwane Municipality	Polokwane Regional Court	173 166	Matter still pending in court	None- Internal	Referral to the Insurance.	In progress
25/5/2015	Civil	Damages suffered	Andries Tefu/ Polokwane Municipality	Seshego Magistrate Court	315 000	Matter still pending in court	None- Internal	Matter handled internally	In progress
10/6/2015	Civil	Service rendered	Segabeng Trading Enterprise/ Polokwane Municipality	Polokwane Magistrate Court	94 000	Matter still pending in court	None- Internal	Matter handled internally	In progress
30/5/2012	Civil	Motor collision	Ezekiel Lediga/ Polokwane Municipality	Polokwane Magistrate Court	11 907	Awaiting trial date	Invoice to be submitted	Carrim Attorneys	In progress
22/4/2015	Civil	Motor vehicle collision	Bb Hatlief/ Thabo Witness Mojela & Polokwane Municipality	Letter of demand	18 582	Matter referred to the Insurance	None- Internal	Handled internally	In progress
23/6/2015	Civil	Damages as a result of storm water	Bamby Francinah Manamela/ Polokwane Municipality	Letter of demand	128 568	Matter referred to the Insurance	None- Internal	Handled internally	In progress
20/4/2015	Civil	Services rendered	Phenyo In Media Consultancy/ Polokwane Municipality	Letter of demand	3 584 010	Meeting to be handled between all stake holders	None- Internal	Handled internally	In progress
	Civil	Interest on SDL	SARS	Letter of demand	75 806	Dispute lodged by the Municipality	None- Internal	Handled internally	In progress
20/7/2015	Civil	Services rendered	Business Connexion (Pty)Ltd / Polokwane municipality	Polokwane High Court	2 758 084	Matter still pending in court	R79 528.60	Carrim Attorneys	In progress
3/8/2015	Civil	Vehicle damage waste from truck falling onto the car	Hendrick Van Zyl / Polokwane Municipality	Internal intervention	53 886	Awaiting report from the insurance	None-internal	Referral to the insurance	In progress
21/8/2015	Civil	Motor collision	Khutso Jappie Sibanda / Polokwane Municipality	Polokwane Magistrate Court	70 000	Awaiting report from the insurance	None-internal	Referral to the insurance	In progress
14/9/2015	Civil	Service rendered	Tshepega Engineering (Pty) Ltd / Polokwane Municipality	Polokwane High Court	907 100	Matter still pending in court	None- Internal	Carrim Attorneys	In progress
19/10/2015	Civil	Damage due to municipal pipes	William Mashilo Sebetoa / Polokwane Municipality	Internal intervention	25 100	Awaiting report from the insurance	None-internal	Referral to the insurance	In progress



**ANNEXURE G**  
**POLOKWANE MUNICIPALITY**  
**CONTINGENT LIABILITIES FOR THE YEAR ENDED 30 JUNE 2016(Unaudited)**

19/10/2015	Civil	Damage for falling into an open hole	Ramashitja Gladys / Polokwane Municipality	Internal intervention	2 200 000	Awaiting report from the insurance	None-internal	Referral to the insurance	In progress
19/10/2015	Civil	Collision with a pothole	Moshe Johannes Ramothwala / Polokwane Municipality	Internal intervention	23 089	Awaiting report from the insurance	None-internal	Referral to the insurance	In progress
20/1/2016	Civil	Damaged suffered for registration of property	Mashoto Matthews Rangoanasha / Polokwane Municipality	Polokwane Magistrate Court	450 000	Matters still pending in court	None- Internal	Noko Maimela	In progress
1/2/2016	Civil	Service rendered	TM Consulting Civil Engineers/ Polokwane Municipality	Polokwane High Court	913 630	Matter still pending in court	None- Internal	Noko Maimela	In progress
29/2/2016	Civil	Service rendered	African blue Eagles Development Engineers/ Polokwane Municipality	Polokwane High Court	1 118 024	Matter still pending in court	None- Internal	Carrim Attorneys	In progress
20/7/2016	Civil	Motor Collision	Barbara Hartfield/ Polok	Polokwane Magistra	18 582	Matter still pending in co	None-internal	Referral to the insuranc	In progress
Total					22 401 722				

**Annexure H**  
**Polokwane Municipality**  
**Summary of other expenditure 30 June 2016**

<b>SUMMARY OTHER EXPENDITURE</b>			
<b>Item</b>	<b>Description</b>	<b>2016</b>	<b>2015</b>
2802	FREE BASIC SERVICES	13 491 315	7 639 400
2804	ELECTRICITY DISTRIBUTION - FREE BASIC	9 821 238	8 334 847
2812	FREE BASIC SERVICES WATER	5 150 322	3 584 876
5028	ALLOWANCE: DATA CARDS	135 600	
6002	DEBT INCENTIVE	42 401 822	0
7405	ASSET VERIFICATION	3 042 452	9 396 565
7407	AUDIT FEES - OUTSOURCED	4 290 860	2 650 532
7410	COMMISSION FEES	9 645 097	8 075 951
7411	FEES - EASY PAY SYSTEM	1 581 270	1 243 975
7413	GUARD SERVICES : RENTAL	31 507 902	30 819 907
7415	METER READING SERVICES	3 916 637	2 672 849
7417	RESEARCH AND DEVELOPMENT	2 666 156	1 461 163
7425	SWIMMING SUPERVISION	556 621	523 345
7427	TERMINATION OF SERVICES	4 499 163	755 377
7429	VALUATION ROLL	706 987	1 049 308
7431	VALUATIONS - INTERIM	503 629	113 057
7833	ADVERTISEMENTS	2 732 400	1 851 207
7841	ANIMALS	0	36 385
7845	AUDIT COMMITTEE FEES	698 777	863 881
7849	AUDIT FEES	5 498 603	4 773 533
7851	AWARENESS CAMPAIGNS	149 840	184 783
7855	BANK CHARGES	2 495 443	3 379 828
7865	BOOKS & PERIODICALS	53 475	78 689
7867	BURSARY : STAFF	252 033	221 783
7869	BURSARY : STUDENT	117 728	206 160
7873	CASH HANDLING	635 736	758 375
7876	CATERING	177 183	24 523
7877	CELL PHONES	7 654 267	3 254 627
7878	CHAN GAMES	0	352 000
7879	CHARGES - ELECTRICITY	1 717 150	2 292 187
7881	CHARGES : WATER	26 646	30 273
7883	CHEMICALS	964 149	775 244
7895	COMMUNITY PROGRAMS	1 804 047	1 474 097
7897	CONFERENCES/CONGRESS	358 867	119 494
7899	CONSULTATION FEES	6 010 910	12 170 234
7901	CONTRIBUTION: MEDICAL AID - CONTINUED	12 169 669	9 785 241
7903	CORPORATE PUBLICITY	284 023	323 242
7905	CYLINDERS FIRE FIGHTING	39 282	5 900
7907	DATA - COMMUNICATION	3 458 206	2 515 237
7911	DEMOLITION OF STRUCTURES	0	500
7913	DEPARTMENTAL CHARGES : ELECTRICITY	2 173 238	3 244 268
7915	DEPARTMENTAL CHARGES : SEWER & SANITAT	1 059 657	1 133 876
7917	DEPARTMENTAL CHARGES : WATER	2 524 095	5 778 857
7919	DISCIPLINARY COMMITTEE	3 508 107	1 718 640
7923	DRIVING/DIVING PERMITS	12 565	13 095
7925	EAP PROGRAMME	83 286	59 587
7931	EMERGENCY DISASTER RELIEF	495 684	514 929
7933	ENERGY FORUM	12 516	318 152
7935	ENTERTAINMENT EXPENSES	24 805	13 933
7937	ENTRANCE CONTROL (ACCESS CONTROL)	84 454	69 167
7939	EXHIBITIONS	25 583	34 254
7943	FEEDING OF ANIMALS	12 854	27 078
7945	FESTIVALS	1 087 501	1 097 153
7956	FLEET MANAGEMENT	12 062 460	15 534 192
7959	FUEL AND OIL	22 073 446	23 099 766
7965	GRAVE DIGGING	73 805	511 200
7971	HIV/AIDS PREVENTION	26 050	13 183
7973	HOLIDAY PROGRAMS	7 920	5 040
7977	IDP AND HEARINGS	1 825 496	1 535 965
7983	INSURANCE - OTHER	7 169 420	5 342 438
7987	INSURANCE - UIF	1 661 918	1 566 896

**Annexure H**  
**Polokwane Municipality**  
**Summary of other expenditure 30 June 2016**

7991	LEGAL EXPENSES	20 268 243	12 150 960
7993	LEVY - SETA TRAINING	4 823 942	4 201 690
7995	LIBRARY PROGRAMS	198 786	167 737
7999	LICENCES - RADIO	65 918	10 380
8001	LICENCES - SAMRO	445	2 295
8003	LICENCES - VEHICLES	488 322	553 821
8007	LOST BOOKS	0	17 498
8013	MARKETING	2 048 616	1 612 013
8017	MARKETING & COMMUNICATIONS	235 855	
8019	MAYORS BOSBERAAD	265 686	312 891
8023	MEDICAL EXAMINATIONS OHS	21 930	1 544
8025	OFF LOAD OF DRYINGBEDS	0	1 320
8031	POINT DUTY	4 076 021	2 461 134
8033	POSTAGE AND TELEGRAMS	4 489 859	5 751 399
8037	PRINTING & STATIONERY	4 430 592	5 359 669
8039	PROGRAMMING	1 603 521	1 794 710
8043	PROMOTIONS	4 314 711	4 238 943
8045	PROTECTIVE CLOTHING	4 249 403	4 405 359
8051	PUBLICITY	7 018	39 335
8052	PUBLIC PARTICIPATION	0	4 809
8055	RATIONS	6 174	6 824
8059	RECRUITING EXPENSES	12 932	547 945
8061	REFRESHMENTS	336 075	115 755
8063	REFRESHMENTS - MEETINGS	311 253	290 020
8065	REFUSE BINS	260 321	30 184
8067	REFUSE REMOVAL SERVICES	2 232 051	1 673 735
8071	RENTAL - ALARMS	192 380	174 686
8073	RENTAL - EQUIPMENT	6 330 035	3 637 635
8081	RENTAL - OFFICES/BUILDINGS (EXTERNAL)	529 730	975 732
8083	RETEST DRIVERS LICENCE	1 490	2 850
8085	RISK MANAGEMENT	12 991	45 150
8086	RISK MANAGEMENT COMMITTEE	43 218	45 892
8087	ROAD SHOWS : MAYOR	299 611	427 820
8090	RURAL HOUSEHOLD SANITATION	27 162 854	40 589 826
8092	RURAL HOUSEHOLD ELECTRIFICATION	40 000 000	31 000 000
8095	SECURITY SERVICES	166 133	73 833
8097	SEEDS,PLANTS,SHRUBS	0	1 741
8105	SMME MANAGEMENT	163 010	214 641
8107	SPECIAL EVENTS	18 006 153	15 775 694
8109	SPECIAL INVESTIGATIONS	690 859	72 894
8113	SPONSORSHIP SPORTING NODES	547 066	728 056
8117	SPORT & RECREATION PROGRAMMES	2 253 844	2 741 357
8120	STOCK LOSSES/DONATION OF ASSETS	111 534 575	70 572 657
8120	PROFIT/LOSS ON TRANSFER OF INVESTMENT PROPER	0	31 088 001
8129	STORES AND MATERIAL	5 348 368	4 720 942
8131	SUBSCRIPTION FEES	5 801 374	5 160 130
8133	SUBSISTANCE AND TRAVELLING	5 632 837	5 419 541
8137	SUBSISTANCE AND TRAVELLING (ABROAD)	43 556	0
8143	TELEPHONE	5 178 097	5 744 736
8147	ADMINISTRATION COSTS	0	27 125 488
8148	TRAINING LGSETA	1 444 613	3 187 346
8149	TITLE DEEDS CENTRAL	6 460	11 411
8153	TOURISM DEVELOPMENT	73 295	34 019
8155	TOWN PLANNING	1 333 878	1 078 684
8156	TRAINING DWA	89 003	
8157	TRAINING	966 714	22 448
8158	TRAINING FMG	454 267	1 448 514
8160	TRAINING INFRASTRUCTURE SKILLS DEVELOPM	5 000 000	3 000 000
8173	VETERINARY SERVICES	15 352	6 215
8179	WARD COMMITTEE MEETINGS	8 732 388	6 267 436
8185	WATER RESEARCH LEVY	1 364 352	1 507 206
8187	WEED CONTROL	84 377	84 398
8189	WORKSHOPS	77 343	42 972
8508	RURAL HOUSEHOLD ELECTRIFICATION DBSA	39 541 651.49	
8510	REHABILITATION OF LANDFILL SITES	5 374 992	4 875 276
	<b>TOTAL</b>	<b>586 464 904</b>	<b>499 087 440</b>

Refer to note 28

ANNEXURE I  
REMUNERATION OF COUNCILLORS 30 JUNE 2016

Employee Number	Position	Name	Basic Salary	Travel Allowance	Pension Contribution	Medical Aid Contribution	Cellphone Allowance	TOTAL
51890	Mayor	TP Nkadameng	571 837	230 478	85 776	33 821	32 118	954 030
50940	Speaker	MC Mathiba	455 530	184 382	68 329	29 288	41 820	779 349
51440	Chief Whip	MK Teffo	432 315	172 858	64 847	21 412	20 868	712 301
51070	Mayoral Committee	MJ Ralefatane	249 190	95 523	37 378		20 868	402 959
50700	Mayoral Committee	L Hardy	185 607	95 523	27 841	73 120	20 868	402 959
50800	Mayoral Committee	MJ Kaka	236 380	95 523	35 457	14 732	20 868	402 959
51010	Mayoral Committee	RC Molepo	450 935	172 858	67 640		20 868	712 301
51570	Mayoral Committee	ME Maleka	450 935	172 858	67 640		20 868	712 301
51170	Mayoral Committee	MS Tjale	601 246	0	90 187		20 868	712 301
51420	Mayoral Committee	SM Mashabela	332 253	0	49 838		20 868	402 959
51550	Mayoral Committee	MJ Sello	588 436	0	88 265	14 732	20 868	712 301
51610	Mayoral Committee	SJ Malope	249 190	95 523	37 378		20 868	402 959
51630	Mayoral Committee	MA Moakamedi	310 103	0	46 515		20 868	377 486
51820	Mayoral Committee	SE Nkadameng	249 190	95 523	37 378		20 868	402 959
50980	Mayoral Committee	TJ Mogale	420 873	161 335	63 131		20 868	666 207
			<b>4 324 336</b>	<b>984 665</b>	<b>648 650</b>	<b>102 584</b>	<b>250 416</b>	<b>6 310 651</b>
50050	Ordinary Councillors	FA Haas	181 228	69 471	27 184		20 868	298 751
50470	Ordinary Councillors	MH Morwana	241 637	0	36 246		20 868	298 751
50650	Ordinary Councillors	TC Shilajoe	181 228	69 471	27 184		20 868	298 751
50780	Ordinary Councillors	MC Mashiane	168 418	69 471	25 263	14 732	20 868	298 751
50850	Ordinary Councillors	MM Mailula	181 228	69 471	27 184		20 868	298 751
50880	Ordinary Councillors	SN Mamabolo	181 228	69 471	27 184		20 868	298 751
50970	Ordinary Councillors	QN Mehlape	228 650	0	34 297	14 936	20 868	298 751
51050	Ordinary Councillors	MM Peta	168 418	69 471	25 263	14 732	20 868	298 751
51140	Ordinary Councillors	ND Setjie	157 047	69 471	23 557	27 808	20 868	298 751
51230	Ordinary Councillors	MJ Sedibane	241 637	0	36 246		20 868	298 751
51300	Ordinary Councillors	K Tsheola	181 228	69 471	27 184		20 868	298 751
51320	Ordinary Councillors	KP Makgoba	165 924	69 471	24 889	17 600	20 868	298 751
51330	Ordinary Councillors	M Maake	181 228	69 471	27 184		20 868	298 751
51340	Ordinary Councillors	MM Sono	217 759	0	32 664	27 460	20 868	298 751
51350	Ordinary Councillors	MM Lemekoana	181 228	69 471	27 184		20 868	298 751
51360	Ordinary Councillors	MR Sekgobela	241 637	0	36 246		20 868	298 751
51370	Ordinary Councillors	MR Mashitsho	167 576	69 471	25 136	15 700	20 868	298 751
51380	Ordinary Councillors	TSP Mojabelo	165 924	69 471	24 889	17 600	20 868	298 751
51390	Ordinary Councillors	RH Phoshoko	181 228	69 471	27 184		20 868	298 751
51410	Ordinary Councillors	ME Khalo	181 228	69 471	27 184		20 868	298 751
51430	Ordinary Councillors	NJ Mokgokong	181 228	69 471	27 184		20 868	298 751
51460	Ordinary Councillors	MA Mathabatha	181 228	69 471	27 184		20 868	298 751
51470	Ordinary Councillors	JM Matlou	181 228	69 471	27 184		20 868	298 751
51480	Ordinary Councillors	MP Maifala	148 630	69 471	22 294	37 488	20 868	298 751
51500	Ordinary Councillors	AH Botha	181 228	69 471	27 184		20 868	298 751
51510	Ordinary Councillors	MP Phadu	181 228	69 471	27 184		20 868	298 751
51520	Ordinary Councillors	NE Machaba	153 829	69 471	61 433		20 868	305 601
51530	Ordinary Councillors	MJ Manamela	181 228	69 471	27 184		20 868	298 751
51560	Ordinary Councillors	MJ Willemse	181 228	69 471	27 184		20 868	298 751
51580	Ordinary Councillors	CM Mamabolo	181 228	69 471	27 184		20 868	298 751
51590	Ordinary Councillors	MF Kubjane	181 228	69 471	27 184		20 868	298 751
51600	Ordinary Councillors	JM Lekota	181 228	69 471	27 184		20 868	298 751
51650	Ordinary Councillors	LM Legodi	150 640	69 471	22 596	35 176	20 868	298 751
50840	Ordinary Councillors	MD Madikoto	165 924	69 471	24 889	17 600	20 868	298 751
50730	Ordinary Councillors	PJ Modikwa	181 228	69 471	27 184		20 868	298 751
51620	Ordinary Councillors	LM Motshekga	241 637	0	36 246		20 868	298 751
51640	Ordinary Councillors	RK Makgabo	241 637	0	36 246		20 868	298 751

ANNEXURE I  
REMUNERATION OF COUNCILLORS 30 JUNE 2016

51660	Ordinary Councillors	MJ Raletjema	165 924	69 471	24 889	17 600	20 868	298 751
51680	Ordinary Councillors	ST Mehlahe	241 637	0	36 246		20 868	298 751
51690	Ordinary Councillors	MA Thobejane	181 228	69 471	27 184		20 868	298 751
51700	Ordinary Councillors	HE Chauke	163 527	69 471	24 529	20 356	20 868	298 751
51710	Ordinary Councillors	CS Ramabu	181 228	69 471	27 184		20 868	298 751
51720	Ordinary Councillors	VA Mashie	181 228	69 471	27 184		20 868	298 751
51730	Ordinary Councillors	MW Letsoalo	181 228	69 471	27 184		20 868	298 751
51740	Ordinary Councillors	JA Moabelo	241 637	0	36 246		20 868	298 751
51750	Ordinary Councillors	JS Mokonyama	181 228	69 471	27 184		20 868	298 751
51760	Ordinary Councillors	TJ Magoro	181 228	69 471	27 184		20 868	298 751
51770	Ordinary Councillors	ML Mamabolo	181 228	69 471	27 184		20 868	298 751
51780	Ordinary Councillors	MA Manong	181 228	69 471	27 184		20 868	298 751
51790	Ordinary Councillors	MJ Maja	153 183	69 471	22 977	32 252	20 868	298 751
51800	Ordinary Councillors	MG Mabelebele	181 228	69 471	27 184		20 868	298 751
51830	Ordinary Councillors	LM Mothiba	241 637	0	36 246		20 868	298 751
51840	Ordinary Councillors	MM Mabitsela	241 637	0	36 246		20 868	298 751
51850	Ordinary Councillors	TM Mabutla	224 608	0	33 691	19 584	20 868	298 751
51870	Ordinary Councillors	SM Motseo	181 228	69 471	27 184		20 868	298 751
51880	Ordinary Councillors	MS Mahlatji	230 267	0	34 540	13 076	20 868	298 751
51900	Ordinary Councillors	RF Lourens	181 228	69 471	27 184		20 868	298 751
51910	Ordinary Councillors	HF Marx	181 228	69 471	27 184		20 868	298 751
51920	Ordinary Councillors	M Pretorius	181 228	69 471	27 184		20 868	298 751
51930	Ordinary Councillors	LD Kwenaitse	181 228	69 471	27 184		20 868	298 751
51940	Ordinary Councillors	DM Sebati	141 720	54 326	20 388		16 319	232 753
51180	Ordinary Councillors	MR Mamabolo	9 416				8 988	18 404
51190	Ordinary Councillors	DC Maja	9 416				8 988	18 404
51220	Ordinary Councillors	MG Makgoba	9 416				8 988	18 404
51260	Ordinary Councillors	VM Mamabolo	9 416				8 988	18 404
51540	Ordinary Councillors	Ramakgwakgwa (Terminated)	15 348	5 789	2 137		1 739	25 013
			<b>11 527 468</b>	<b>3 325 241</b>	<b>1 760 794</b>	<b>343 699</b>	<b>1 306 090</b>	<b>18 263 293</b>
	<b>TOTAL</b>		<b>17 311 486</b>	<b>4 897 624</b>	<b>2 628 397</b>	<b>530 804</b>	<b>1 651 312</b>	<b>27 019 623</b>

See note 24 Remuneration of Councillors

REVENUE	Final Budget 2015/16	Closing Balance 30 June 2016
200 PROPERTY RATES		
101 ASSESSMENT RATES	-314 000 000.00	-281 023 720.91
Total:	<b>-314 000 000.00</b>	<b>-281 023 720.91</b>
400 SERVICE CHARGES		
Electricity		
301 FEES CONSUMER CONNECTIONS : ELECTRICIT	-4 000 000.00	-6 671 071.67
321 FEES NOTICES ELECTRICITY	-498 926.00	
328 FEES RECONNECTIONS ELECTRICITY	-2 951 323.00	-21 969.40
340 FEES SALE OF ELECTRICITY PRIVATE CONS	-548 275 991.00	-532 703 392.60
343 FEES SALE OF ELECTRICITY CASHPOWER	-232 324 920.00	-223 777 232.41
344 FEES SALE OF ELECTRICITY DEPART CONS	-4 565 000.00	-1 345 580.05
355 FEES SERVICE CONTRIBUTIONS ELECTRICIT	-905 600.00	-144 661.62
367 FEES SPECIAL METER READINGS ELECTRICIT	-791.00	
371 FEES TESTING OF METERS ELECTRICITY	-791.00	
Sub Total	<b>-793 523 342.00</b>	<b>-764 663 907.75</b>
Water		
307 FEES CONSUMER CONNECTIONS WATER	-2 645 000.00	-1 460 682.23
310 FEES EXCESS WATER CONSUMPTION		
325 FEES NOTICES WATER	-858 314.00	-2 465 378.13
331 FEES RECONNECTIONS WATER	-6 919 599.00	-50 461.97
346 FEES SALE OF WATER DEPART. CONSUMPTION	-5 481 000.00	-2 567 463.25
349 FEES SALE OF WATER PRIVATE CONS. RURAL	-145 050 572.00	
351 FEES SALE OF WATER PRIVATE CONS URBAN	-21 338 038.00	-203 694 702.68
361 FEES SERVICE CONTRIBUTIONS WATER	-222 000.00	-84 639.63
369 FEES SPECIAL METER READINGS WATER	-685.00	
373 FEES TESTING OF METERS WATER	-825.00	-3 503.08
Sub Total	<b>-182 516 033.00</b>	<b>-210 326 830.97</b>
Sanitation/ Sewer		
304 FEES CONSUMER CONNECTIONS SEWER	-1 587 000.00	-583 546.46
308 FEES DRAINING/ DISCHARGE SEWER	-2 404 804.00	
313 FEES INDUSTRIAL AFFLUENT	-21 312 032.00	-10 091 672.33
316 FEES LAB TEST	-142 310.00	
345 FEES SALE OF SLUDGE	-82 740.00	-1 438.50
359 FEES SERVICE CONTRIBUTIONS SEWER	-291 500.00	
363 FEES SEWERAGE DEPART. CONSUMPTION	-1 162 000.00	-1 029 080.80
365 FEES SEWERAGE PRIVATE CONSUMERS	-28 343 322.00	-41 094 646.72
Sub Total	<b>-55 325 708.00</b>	<b>-52 800 384.81</b>
Waste Removal		
319 FEES MASS WEIGH BRIDGE	-46 886.00	-81 082.00
334 FEES REFUSE DEPARTMENTAL CONSUMPTION	-228 000.00	-221 631.90
337 FEES REFUSE PRIVATE CONSUMERS	-63 033 938.00	-63 950 717.08
357 FEES SERVICE CONTRIBUTIONS ENDOWMENT	-674 160.00	0.00
Sub Total	<b>-63 982 984.00</b>	<b>-64 253 430.98</b>
Total Service Charges	<b>-1 095 348 067.00</b>	<b>-1 092 044 554.51</b>
700 RENT OF FACILITIES & EQUIPMENT		
501 RENTAL ANNUAL SHOW	-76 943.00	-87 224.39
504 RENTAL ARENA	-57 707.00	
505 RENTAL BUSINESS CENTRES	-383 517.00	
506 RENTAL BUILDINGS	-2 850 539.00	-1 732 009.94
507 RENTAL CAMPING SITE	-181 539.00	-51 247.30
510 RENTAL CARAVAN PARK	-19 235.00	-2 684.21
513 RENTAL COMMUNITY CENTRE JACK BOTES	-376 304.00	-281 959.81
515 RENTAL COMMUNITY CENTRE MANKWENG	-90 168.00	-37 075.46
516 RENTAL COMMUNITY CENTRE MOLETJI	-55 303.00	-2 789.48
519 RENTAL COMMUNITY CENTRE NIRVANA	-224 820.00	-118 633.58
525 RENTAL COMMUNITY CENTRE WESTENBURG	-194 764.00	-31 761.05
528 RENTAL DWELLINGS	-98 025.00	-37 885.79
531 RENTAL HALLS	-91 488.00	-49 297.32
534 RENTAL HAWKERS FACILITIES	-490 518.00	-797 621.66
535 RENTAL BUSINESS CENTRES	-831 957.00	
537 RENTAL LAND	-882 451.00	-2 212 828.70
540 RENTAL LAPA	-197 168.00	-172 937.37
543 RENTAL MISCELLANEOUS	0.00	-34 682.24
545 RENTAL PETER MOKABA STADIUM	-10 720 000.00	-4 697 347.06
546 RENTAL QUARRY	-24 045.00	
549 RENTAL - RONDAVELS	-1 038 744.00	-1 029 975.09
551 RENTAL SPORTING BODIES	-176 730.00	-365 875.82
552 RENTAL - SPORTING BODIES MOLETJI	-2 404.00	
555 RENTAL - SPORTING BODIES NIRVANA	-26 449.00	-5 669.33
558 RENTAL - SPORTING BODIES POLOKWANE	-340 236.00	-466 730.44
561 RENTAL - SPORTING BODIES SESHEGO	-260 888.00	-113 309.57
564 RENTAL - SPORTING BODIES WESTENBURG	-19 235.00	-12 646.37
Total:	<b>-19 711 177.00</b>	<b>-12 342 191.98</b>
800 INTEREST EARNED EXTERNAL INVES		
701 INTEREST ON INVESTMENTS	-37 000 000.00	-27 592 761.70
Total:	<b>-37 000 000.00</b>	<b>-27 592 761.70</b>
1000 INTEREST EARNED OUTSTAND.DEBTO		
901 INTEREST ON ARREAR ACCOUNTS	-25 800 000.00	-54 307 169.01
902 INTEREST ON SALE OF ERVEN		
906 INTEREST ON SUNDRY LOANS		
Total:	<b>-25 800 000.00</b>	<b>-54 307 169.01</b>
1300 FINES		
1301 FINES	-13 725 784.00	-17 128 584.78
Total:	<b>-13 725 784.00</b>	<b>-17 128 584.78</b>
1400 LECENSES & PERMITS		
1501 APPLICATION - DRIVERS LICENCES	-5 638 561.00	-3 961 510.40
1503 APPLICATION - ROADWORTHY CERTIFICATES	-32 460.00	-107 724.00
1505 FEES - CLEARANCE CERTIFICATES	-102 191.00	-95 263.00
1507 ISSUE - DRIVERS LICENCES	-3 556 260.00	-3 461 076.00
1509 ISSUE - INSTRUCTOR CERTIFICATES	-19 235.00	-5 462.00
1510 TRAFFIC REGISTER NUMBER CERTIFICATE	-1 000.00	-934.20
1513 ISSUE - ROADWORTHY CERTIFICATES	-1 557.00	-47 904.00
1517 LICENCES - DOGS	-236.00	-36.00

1521	LICENCES - FLAMMABLE SUBSTANCES	-99 786.00	-66 618.00
1525	LICENCES - TRADE AND GENERAL	-254.00	
1529	LICENSES - OCCUPATION CERTIFICATE	-118 539.00	-354 434.60
	Total:	<b>-9 570 079.00</b>	<b>-8 100 962.20</b>
1500	AGENCY SERVICES		
1701	LICENCES - MOTOR VEHICLES	-16 595 572.00	-15 931 818.16
	Total:	<b>-16 595 572.00</b>	<b>-15 931 818.16</b>
1600	TRANSFERS REGOGNISED - OPERATING		
2101	DWA		
2103	GRANT - EDSM		
2105	GRANT - EPWP INSENTIVE		
2106	GRANT - EPWP OPEX	-2 660 000.00	-2 703 301.40
2107	GRANT - EQUITABLE SHARE	-522 595 000.00	-522 595 000.00
2112	GRANT - INEP	-40 000 000.00	-40 000 000.00
2115	GRANT - LG : FINANCE MANAGEMENT	-1 875 000.00	-1 241 731.12
2118	GRANT - MIG		
2119	GRANT - MIG OPEX	-42 800 000.00	-32 962 853.98
2121	GRANT - MSIG	-930 000.00	-930 000.00
2123	GRANT - NDPG		
2127	GRANT - PTIG	-11 000 000.00	-11 000 000.00
2128	GRANT - PTIG OPEX		
2105	GRANT - EPWP INSENTIVE		
2131	GRANT - NATIONAL LOTTERY		
2133	GRANT - SPORTS & RECREATION		
2135	GRANT - WATER SERVICES		
2136	ANGLO PLATINUM		
2137	GRANT-WATER SERVICES REFURBISHMENT		
2138	OTHER GRANTS (Loan DBSA)	-52 000 000.00	
2138	LOCAL GOVERNMENT TRANSITION GRANT		
2138	LOCAL GOVERNMENT RESTRUCTURING GRANT		
2139	GRANT - OTHER(INFRSTR SKILLS DEV)	-5 000 000.00	-5 000 000.00
	Total:	<b>-678 860 000.00</b>	<b>-616 432 886.50</b>
1610	TRANSFERS REGOGNISED - CAPITAL		
2101	GRANT-WATER SERVICES REFURBISHMENT		
2103	GRANT - EDSM		
2105	GRANT - EPWP INSENTIVE	-1 856 000.00	-1 812 698.60
2107	GRANT - EQUITABLE SHARE		
2112	GRANT - INEP		
2115	GRANT - LG : FINANCE MANAGEMENT		
2118	GRANT - MIG	-236 568 789.00	-247 160 414.88
2121	GRANT - MSIG		
2122	GRANT - LG : FINANCE MANAGEMENT		-633 268.88
2123	GRANT - NDPG	-31 072 000.00	-22 621 548.63
2127	GRANT - PTIG	-201 356 868.00	-201 356 868.03
2131	GRANT - PUBLIC PARTNERSHIPS		-3 355 674.42
2133	GRANT - SPORTS & RECREATION		
2135	GRANT - WATER SERVICES		
2136	ANGLO PLATINUM		
2137	GRANT-WATER SERVICES REFURBISHMENT		
2138	OTHER GRANTS (Loan DBSA)		
2138	DEPT ENVIRONMENTAL AFFAIRS		
	CRR		
2139	GRANT - OTHER		
	Total:	<b>-470 853 657.00</b>	<b>-476 940 473.44</b>
1700	OTHER REVENUE		
9970	(CONTR FROM CRR Book Transaction)	-125 673 625.00	
9971	CONTRIBUTION TO HOUSING DEVELOPMENT FUND	-6 955 962.00	-6 975 636.74
310	FEES EXCESS WATER CONSUMPTION	-76 479 000.00	-78 136 081.38
319	FEES MASS WEIGH BRIDGE		
358	FEES SERVICE CONTRIBUTIONS ROADS	-106 000.00	-78 971.94
534	HAWHER FACILITIES		
2301	ADMINISTRATION COSTS - HOUSING	-9 229.00	
2303	ADMINISTRATION COSTS - RD CHEQUES	-22 841.00	-6 270.00
2305	ADMINISTRATION COSTS - SALE OF ERVEN		
2307	FEES - ADMISSION - NIRVANA	-40 875.00	-10 498.25
2309	FEES - ADMISSION - POLOKWANE	-875 236.00	-652 109.79
2310	FEES ADMISSION SESHEGO	-140 663.00	-47 431.59
2312	FEES - ADMISSION - WESTENBURG	-61 314.00	-31 157.91
2316	FEES - ADVERTISEMENTS : PETER MOKABA S	-8 415.00	
2318	FEES - BLUE PRINTS	-4 808.00	-589.48
2321	FEES - BUILDING PLANS	-5 695 067.00	-4 552 516.24
2324	FEES - BURIAL SERVICE	-762 226.00	-583 185.10
2327	FEES - CD'S	-300.00	-267.54
2330	FEES - DECORATION	-7 213.00	-19 168.62
2336	FEES - FIRE FIGHTING	-123 831.00	-9 829.94
2339	FEES - FUNERAL SERVICES	-92 572.00	-94 834.22
2342	FEES - FURNISHING INFORMATION	-280 722.00	-165 641.30
2345	FEES - GRAZING	-342 640.00	-170 671.98
2348	FEES - JOBBING	-10 819.00	-7 874.56
2357	FEES - LOST BOOKS	-7 257.00	-34 803.51
2366	FEES - MAINTENANCE AIRPORT	-26 966.00	-23 017.52
2375	FEES - MISCELLANEOUS	-865 754.00	-6 230 489.84
2375	DEBTORS TRANSFER CONTROL		-9 853 903.51
	Goods received not paid		
	Housing Seshego		
	Fire services		
	VAT		
2380	FEES - NIGHT DRIVES	-12 022.00	
2382	FEES - PAMPHLETS	-54 101.00	-46 726.26
2390	FEES - PARKING METERS	-2 998 995.00	
2392	FEES - RE INSPECTION	-31 258.00	-11 491.03
2398	FEES - REFUND ENTRANCE CARDS	-9 482.00	
2399	FEES - REMOVAL COSTS	-1 819 939.00	-507 333.12
2400	FEES - ROYALTIES SILICON	-532 586.00	-1 138 117.38
2406	FEES - SEWERAGE PLANS	-1 682.00	
2408	FEES - SILICON ROAD MAINTENANCE	-479 777.00	
2410	FEES - SUBSCRIPTIONS LIBRARY	-100 000.00	-73 247.36
2414	FEES - TENDER DEPOSIT	-1 376 522.00	-1 334 185.75
2416	FEES - TOMBSTONE APPROVAL	-128 640.00	-156 910.76
2420	FEES - TOWN PLANNING	-821 137.00	-711 757.87
2422	FEES - TRAINING	-33 061.00	-19 596.49
2423	INSURANCE CLAIMS	-2 247 200.00	-1 365 338.70
2424	OBSOLETE CHEQUES		
2426	REFUND - COID	-12 801.00	
2428	REFUND - SETA LEVY	-4 465 186.00	-1 834 588.55

2429	RECEIPT OF DONATIONS	-3 805 400.00	-987 181.02
2430	SALES - GAME - LIVE		-1 383 261.91
2432	SALES - GRASS AND REEDS	-239.00	-245.61
2434	SALES - SELLING OF ERVEN		-2 409 824.67
2435	SALES - SUNDRIES		-642.47
2436	SALES - TROPHY AND CARCASSES		
2438	SALES - WOOD	-1 202.00	-1 255.25
2440	SALES MATERIAL	-162 437.00	-86 666.22
2442	SURPLUS CASH	-12 662.00	-26 685.64
2445	UNIDENTIFIED RECEIPTS		
2450	WAY LEAVE CONTRIBUTION	-106 000.00	-280 207.09
New vo	PROVISION OUTSTANDING TRAFFIC FINES		
2601	PROFIT ON SALE OF ASSETS/donated assets	-30 000 000.00	-67 421 000.00
2610	SALE OF VEHICLES		
2610	STOCK GAINS	-200 000.00	
	Total:	<b>-268 005 664.00</b>	<b>-187 481 214.11</b>
	<b>TOTAL REVENUE</b>	<b>-2 949 470 000.00</b>	<b>-2 789 326 337.30</b>
	<b>EXPENDITURE</b>		
3000	EMPLOYEE RELATED COST WAGES &S		
5001	SALARIES	324 707 450.00	323 488 815.57
5001	SALARIES		
5002	SALARIES - DIRECTORS	7 579 646.00	6 745 121.72
5004	SALARIES - MANAGERS	23 433 290.00	20 132 972.05
5006	SALARIES SECONDED PERSONNEL		
5034	BONUS - LEAVE	24 446 118.00	24 446 117.94
5036	LONG SERVICE LEAVE BONUS	50 000.00	
5050	STUDENTS HOLIDAY WORK		
	Total:	<b>380 216 504.00</b>	<b>374 813 027.28</b>
	OVERTIME		
5038	OVERTIME	46 154 749.00	46 154 748.38
	MOTOR CAR ALLOWANCES		
5012	ALLOWANCE : LOCOMOTION	26 248 418.00	26 248 417.14
5014	ALLOWANCE : LOCOMOTION 0-3	12 132 929.00	12 128 928.87
		<b>38 381 347.00</b>	<b>38 377 346.01</b>
	HOUSING AND OTHER ALLOWANCES		
5008	ALLOWANCE : HOUSING AID	2 322 210.00	2 301 738.00
5010	ALLOWANCE : HOUSING SUBSIDIES	1 495 940.00	166 691.00
5018	ALLOWANCE : OPERATIONAL	1 366 948.00	1 366 947.54
5022	ALLOWANCE : STANDBY	7 382 958.00	7 382 957.80
5026	ALLOWANCE : TELEPHONE	81 507.00	81 507.00
5030	ALLOWANCE : TOOL	97 260.00	95 427.60
		<b>12 746 823.00</b>	<b>11 395 268.94</b>
3100	EMPLOYEE RELATED COST CONTRIBU		
5201	CONTRIBUTION : MEDICAL AID	22 234 184.00	22 234 183.53
5201	CONTRIBUTION : MEDICAL AID (COUNCIL)		
5202	CONTRIBUTION : PENSION FUND	65 062 141.00	65 062 140.64
5202	CONTRIBUTION : PENSION FUND(COUNCIL)		
5204	CONTRIBUTION : UNEMPLOYMENT INSURANCE	2 938 266.00	2 938 265.12
5204	CONTRIBUTION : UNEMPLOYMENT INSURANCE(COUNCIL)		
5206	CONTRIBUTION :GROUP INSURANCE	1 190 852.00	
5208	CONTRIBUTION : ADMIN LEVY INDUSTRIAL	161 835.00	137 668.05
	Total:	<b>91 587 278.00</b>	<b>90 372 257.34</b>
	CONTRIBUTIONS		
8503	CONTRIBUTION: LONG SERVICE	6 064 694.00	6 064 693.34
8505	LEAVE RESERVE FUND	3 560 000.00	28 821 626.42
8507	PROVISION FOR LEAVE BONUSES	2 399 791.00	2 399 791.00
		<b>12 024 485.00</b>	<b>37 286 110.76</b>
	<b>Total EMPLOYEE RELATED COST</b>	<b>581 111 186.00</b>	<b>598 398 758.71</b>
3400	REMUNERATION OF COUNCILLORS		
5001	SALARIES		
5028	ALLOWANCE: DATA CARDS		
5201	CONTRIBUTION : MEDICAL AID (COUNCIL)		
5202	CONTRIBUTION : PENSION FUND(COUNCIL)		
5203	CONTRIBUTION : MEDICAL AID (COUNCIL)	530 805.00	530 804.03
5204	CONTRIBUTION : UNEMPLOYMENT INSURANCE(COUNCIL)		
5205	CONTRIBUTION : PENSION FUND(COUNCIL)	2 628 397.00	2 628 396.96
5800	SALARY EXECUTIVE MAYOR	604 095.00	571 837.13
5802	SALARY COUNCILLORS	11 527 468.00	11 527 467.97
5804	SALARY MAYORAL COMMITTEE FULL TIME	2 944 740.00	2 944 739.60
5806	SALARY MAYORAL COMMITTEE PART TIME	1 811 912.00	1 811 911.96
5808	SALARY SPEAKER	459 110.00	455 529.76
5810	ALLOWANCE : TELEPHONE - COUNCILLORS	1 314 685.00	1 306 089.76
5812	ALLOWANCE : TELEPHONE - EXECUTIVE MAYO	41 820.00	32 117.76
5814	ALLOWANCE : TELEPHONE - MAYORAL COMMIT	125 210.00	125 208.00
5836	ALLOWANCE : TELEPHONE - MAYORAL COMMIT	146 076.00	146 076.00
5838	ALLOWANCE : TELEPHONE - SPEAKER	41 820.00	41 820.00
5840	ALLOWANCE : TRAVEL - COUNCILLORS	4 376 765.00	3 325 241.02
5842	ALLOWANCE : TRAVEL - EXECUTIVE MAYOR	231 570.00	230 478.00
5844	ALLOWANCE : TRAVEL - MAYORAL COMMITTEE	868 395.00	679 909.35
5846	ALLOWANCE : TRAVEL - MAYORAL COMMITTEE	510 464.00	477 613.80
5848	ALLOWANCE : TRAVEL - SPEAKER	185 255.00	184 382.27
	Total:	<b>28 348 587.00</b>	<b>27 019 623.37</b>
3500	DEBT IMPAIRMENT		
6001	PROVISION: BAD DEBT	50 000 000.00	76 708 428.22
6002	DEBT INCENTIVE		
	Total:	<b>50 000 000.00</b>	<b>76 708 428.22</b>
7991	LEGAL EXPENSES(COLLECTION COST) 17010		



	<b>Total:</b>		
3700	DEPRECIATION & ASSET IMPAIRMEN		
6401	DEPRECIATION	205 000 000.00	475 210 190.04
	<b>Total:</b>	<b>205 000 000.00</b>	<b>475 210 190.04</b>
3900	INTEREST EXPENSE EFF		
6601	INTEREST ON EXTERNAL LOANS	35 585 363.00	33 955 930.58
6604	OUTSTANDING FINES AND INTEREST - LONGT		0.00
	<b>Total:</b>	<b>35 585 363.00</b>	<b>33 955 930.58</b>
4100	BULK PURCHASES		
7001	PURCHASE OF ELECTRICITY	591 441 192.00	591 292 281.18
7005	PURCHASE OF WATER	95 830 527.00	95 366 396.21
7007	PURCHASE OF WATER - RURAL	61 619 473.00	61 619 472.90
	<b>Total:</b>	<b>748 891 192.00</b>	<b>748 278 150.29</b>
4110	OTHER MATERIALS		
7201	ALARMS & EQUIPMENT		
7204	ATHLETIC EQUIPMENT		
7206	BOOKS	22 900.00	1 320.00
7208	BUILDINGS & EQUIPMENT	19 432 304.00	19 404 311.60
7209	LIFTS	299 140.00	285 391.77
7212	BUILDINGS & EQUIPMENT : COUNCIL HOUSES		
7213	BUILDINGS & EQUIPMENT : SCHEME HOUSES		
7214	CLEANING OF ERVEN	10 000.00	
7216	CLEAN-UP AND UPGRADING OF STREETS	11 179 601.00	10 568 844.93
7218	DISTRIBUTION SYSTEM - RURAL	20 629 522.00	20 629 521.97
7220	DISTRIBUTION SYSTEM - URBAN	36 046 179.00	35 810 970.14
7222	EMERGENCY CALL POINTS		
7224	FIRE ALARM SYSTEM		
7226	FIRE BREAKS	1 108 784.00	956 407.64
7228	FIRE HYDRANTS/EXTINGUISHERS	158 700.00	158 641.00
7230	FURNITURE & FITTINGS	3 200.00	620.92
7236	GROUNDS AND FENCES	2 540 484.00	2 361 232.31
7240	IRRIGATION SYSTEMS	110 300.00	110 250.25
7244	MAINS	3 273 000.00	3 272 740.43
7246	METERS	1 182 481.00	1 123 936.91
7248	MUSEUM ITEMS		
7250	OFFICE MACHINES & EQUIPMENT	2 108 396.00	1 915 759.44
7252	PLANT & EQUIPMENT	4 303 358.00	4 202 149.65
7254	PORTABLE SKID UNITS	72 712.00	72 711.63
7256	RADIO'S	1 058.00	
7258	RAILWAY LINES X 1.2.3.5	111 090.00	93 000.26
7260	RAILWAY LINES X 12		
7262	RAILWAY LINES X 8		
7266	RESERVOIRS	1 010 200.00	520 637.20
7268	ROADS; STREETS; CULVERTS; CURBING	11 962 064.00	11 860 417.31
7270	SIDEWALKS	4 661 000.00	4 622 157.43
7271	EPWP	4 160 000.00	3 484 097.25
7274	SOFTWARE	9 608 482.00	9 478 233.77
7278	SPORTS FIELDS	1 830 000.00	1 825 666.11
7280	STREET LIGHTS	3 095 250.00	3 019 484.13
7282	STORMWATER DRAINAGE	2 467 256.00	2 404 317.74
7284	TOMBSTONES		
7288	TOOLS	24 160.00	15 093.32
7290	TRAFFIC LIGHTS AND SIGNS	3 174 000.00	3 174 000.00
7292	TRAFFIC LIGHTS ELECTRICITY (TECH)		
7296	VEHICLES	8 020 000.00	7 892 119.15
7298	WORKS OF ART	35 000.00	
7400	REGRAVELLING ROADS	7 959 684.00	7 959 683.83
7401	REHABILITATION ROADS	4 745 791.00	4 731 536.86
7406	CLEANING SERVICES	1 035 948.00	1 011 465.33
7408	CLEANSING SERVICES	2 751 478.00	2 483 498.34
7412	GARDEN SERVICES	6 186 340.00	5 994 874.68
7421	STREET CLEANING	10 000 000.00	9 988 824.71
7423	STREET SWEEPING	3 051 000.00	3 050 999.24
7435	WASTE DISPOSAL - RECYCLING	9 998 100.00	9 941 635.70
7891	CLEAN UP ACTION	408 000.00	150 352.40
7900	CONSUMER CONNECTIONS	5 165 000.00	4 944 568.63
	<b>Total:</b>	<b>203 941 962.00</b>	<b>199 521 473.98</b>

4300	GRANTS & SUBSIDIES		
7603	GRANTS - MISCELLANEOUS(SPCA)	480 000.00	480 000.00
7614	GRANT - PHA	16 700 000.00	16 700 000.00
	<b>Total:</b>	<b>17 180 000.00</b>	<b>17 180 000.00</b>
4200	CONTRACTED SERVICES		
2328	FEES - COMMISSION		
7405	ASSET VERIFICATION	3 699 729.00	3 042 452.00
7406	CLEANING SERVICES		
7407	AUDIT FEES - OUTSOURCED	4 312 988.00	4 290 859.85
7408	CLEANSING SERVICES		
7409	EXTERNAL PRINTING		
7410	COMMISSION FEES	9 645 097.00	9 645 096.84
7411	FEES - EASYPAY SYSTEM	1 581 271.00	1 581 270.36
7412	GARDEN SERVICES		
7413	GUARD SERVICES : RENTAL	31 705 739.00	31 507 902.28
7415	METER READING SERVICES	3 987 146.00	3 916 636.67
7417	RESEARCH AND DEVELOPMENT	2 862 000.00	2 666 155.51
7421	STREET CLEANING		
7423	STREET SWEEPING		
7425	SWIMMING SUPERVISION	561 000.00	556 620.97
7427	TERMINATION OF SERVICES	4 499 164.00	4 499 163.37
7429	VALUATION ROLL	800 000.00	706 987.37
7431	VALUATIONS - INTERIM	600 000.00	503 629.11
7435	WASTE DISPOSAL - RECYCLING		
7899	CONSULTATION FEES	6 775 592.00	6 010 910.37
	<b>Total:</b>	<b>71 029 726.00</b>	<b>68 927 684.70</b>
4400	OTHER EXPENDITURE		
2802	FREE BASIC SERVICES	13 491 315.00	13 491 314.79
2804	ELECTRICITY DISTRIBUTION - FREE BASIC	9 834 680.00	9 821 238.32
2806	REBATE - DEBTORS		
2812	FREE BASIC SERVICES WATER	5 150 322.00	5 150 321.64
5028	ALLOWANCE: DATA CARDS	273 600.00	135 600.00
6002	DEBT INCENTIVE		42 401 821.60
7601	GRANTS - ASSESSMENT RATES	2 000 000.00	
7604	GRANTS - USER CHARGES		
5209	OTHER		
7833	ADVERTISEMENTS	2 800 000.00	2 732 400.44
7839	AMMUNITION	0.00	
7841	ANIMALS	14 249.00	
7845	AUDIT COMMITTEE FEES	702 800.00	698 777.29
7849	AUDIT FEES	6 200 000.00	5 498 603.22
7851	AWARENESS CAMPAIGNS	160 840.00	149 840.00
7855	BANK CHARGES	4 000 000.00	2 495 442.55
7865	BOOKS & PERIODICALS	76 344.00	53 475.47
7867	BURSARY : STAFF	255 477.00	252 032.76
7869	BURSARY : STUDENT	215 477.00	117 727.99
7871	BY-LAWS RATIONALISATION		
7873	CASH HANDLING	1 000 644.00	635 736.14
7875	CASHIER DEFICIT		
7876	CATERING	178 000.00	177 182.55
7877	CELL PHONES	7 654 268.00	7 654 267.19
7878	CHAN GAMES		
7879	CHARGES - ELECTRICITY	2 069 869.00	1 717 149.67
7881	CHARGES : WATER	31 740.00	26 646.43
7883	CHEMICALS	1 370 710.00	964 149.24
7885	CHILDRENS' PROGRAM		
7891	CLEAN UP ACTION		
7895	COMMUNITY PROGRAMS	2 276 800.00	1 804 047.16
7897	CONFERENCES/CONGRESS	391 709.00	358 866.81
7899	CONSULTATION FEES		
7901	CONTRIBUTION: MEDICAL AID - CONTINUED	12 169 669.00	12 169 668.68
7903	CORPORATE PUBLICITY	290 400.00	284 023.28
7905	CYLINDERS FIRE FIGHTING	40 288.00	39 282.26
7907	DATA - COMMUNICATION	3 599 293.00	3 458 205.53
7909	DECORATION - OFFICIAL FUNCTIONS		
7911	DEMOLITION OF STRUCTURES	0.00	
7913	DEPARTMENTAL CHARGES : ELECTRICITY	2 173 238.00	2 173 237.70
7915	DEPARTMENTAL CHARGES : SEWER & SANITAT	1 390 000.00	1 059 657.05
7917	DEPARTMENTAL CHARGES : WATER	2 524 095.00	2 524 094.59
7919	DISCIPLINARY COMMITTEE	3 589 120.00	3 508 106.97
7921	DISCRETIONARY VOTE - EXECUTIVE MAYOR		
7923	DRIVING/DIVING PERMITS	22 545.00	12 565.00
7925	EAP PROGRAMME	96 800.00	83 286.11
7931	EMERGENCY DISASTER RELIEF	495 685.00	495 684.41
7933	ENERGY FORUM	13 261.00	12 515.79
7935	ENTERTAINMENT EXPENSES	95 745.00	24 805.15
7937	ENTRANCE CONTROL (ACCESS CONTROL?)	103 441.00	84 454.39
7939	EXHIBITIONS	77 760.00	25 582.59
7943	FEEDING OF ANIMALS	81 548.00	12 854.40
7945	FESTIVALS	1 090 936.00	1 087 500.57
7947	PROJECT MANAGEMENT		
7955	FILMS & DEVELOPMENT		
7956	FLEET MANAGEMENT	12 062 460.00	12 062 459.61
7957	FORESTRY EXPENSES		
7959	FUEL AND OIL	22 073 446.00	22 073 445.68
7965	GRAVE DIGGING	73 806.00	73 805.12
7969	HANDLING : ILLEGAL LAND USES		
7971	HIV/AIDS PREVENTION	27 951.00	26 049.80
7973	HOLIDAY PROGRAMS	9 680.00	7 920.00
7977	IDP AND HEARINGS	2 109 520.00	1 825 495.88
7979	INFECTIOUS DISEASES		
7983	INSURANCE - OTHER	8 629 458.00	7 169 420.10
7987	INSURANCE - WORKMAN'S COMPENSATION	1 661 920.00	1 661 918.11
7989	LAUNDRY	2 281.00	
7991	LEGAL EXPENSES	20 891 040.00	20 268 243.43
7991	LEGAL EXPENSES(COLLECTION COST) 17010		
7993	LEVY - SETA TRAINING	5 732 525.00	4 823 942.36
7995	LIBRARY PROGRAMS	214 000.00	198 785.61
7997	LICENCES - ALARMS		
7999	LICENCES - RADIO	165 083.00	65 918.25
8001	LICENCES - SAMRO	10 774.00	445.00
8003	LICENCES - VEHICLES	512 655.00	488 322.40
8005	OPERATIONAL PLANNING		
8007	LOST BOOKS		
8011	MANUALS		
8013	MARKETING	2 210 400.00	2 048 615.54
8017	MARKETING & COMMUNICATIONS	270 000.00	235 854.81

8019	MAYORS BOSBERAAD	299 440.00	265 686.00
8023	MEDICAL EXAMINATIONS OHS	47 652.00	21 929.83
8025	OFF LOAD OF DRYINGBEDS	48 400.00	
8027	PAUPER BURIALS		
8029	PENSIONS AND GRATUITY	291 585.00	
8031	POINT DUTY	4 076 022.00	4 076 021.04
8033	POSTAGE AND TELEGRAMS	4 538 346.00	4 489 858.65
8034	PRE SCREENING APPLICATIONS		
8035	PRESTIGE AWARDS	50 000.00	
8037	PRINTING & STATIONERY	5 244 034.00	4 430 591.98
8039	PROGRAMMING	1 610 420.00	1 603 520.50
8041	PROGRAMS - CLINIC		
8043	PROMOTIONS	4 763 120.00	4 314 710.77
8045	PROTECTIVE CLOTHING	5 614 000.00	4 249 402.94
8051	PUBLICITY	23 161.00	7 017.83
8052	PUBLIC PARTICIPATION		
8053	RAILAGE/COURIER SERVICES		
8055	RATIONS	6 175.00	6 174.16
8057	TRANSITION ADVISORY		
8059	RECRUITING EXPENSES	23 400.00	12 932.00
8061	REFRESHMENTS	464 745.00	336 074.70
8063	REFRESHMENTS - MEETINGS	336 544.00	311 253.10
8065	REFUSE BINS	260 322.00	260 321.28
8067	REFUSE REMOVAL SERVICES	2 320 126.00	2 232 050.64
8069	REMOVAL COSTS		
8071	RENTAL - ALARMS	199 147.00	192 380.31
8073	RENTAL - EQUIPMENT	6 795 910.00	6 330 034.62
8075	RENTAL - LAND	764.00	
8081	RENTAL - OFFICES/BUILDINGS (EXTERNAL)	580 800.00	529 729.84
8083	RETEST DRIVERS LICENCE	4 104.00	1 490.00
8085	RISK MANAGEMENT	12 992.00	12 991.06
8086	RISK MANAGEMENT COMMITTEE	46 080.00	43 217.90
8087	ROAD SHOWS : MAYOR	416 240.00	299 611.39
8089	SAMPLE TESTS	5 488.00	
8090	RURAL HOUSEHOLD SANITATION	29 752 228.00	27 162 853.98
8092	RURAL HOUSEHOLD ELECTRIFICATION	40 000 000.00	40 000 000.00
8093	SECURITY CONTROL		
8095	SECURITY SERVICES	181 738.00	166 133.02
8097	SEEDS.PLANTS.SHRUBS	5 130.00	
8101	SHOP - STOCK MUSEUMS		
8105	SMME MANAGEMENT	232 008.00	163 010.40
8107	SPECIAL EVENTS	19 118 720.00	18 006 152.80
8109	SPECIAL INVESTIGATIONS	986 000.00	690 859.22
8111	SPECIAL SERVICES (OPS)		
8113	SPONSORSHIP SPORTING NODES	547 155.00	547 066.38
8117	SPORT & RECREATION PROGRAMMES	2 298 765.00	2 253 844.04
8118	STADIUM MANAGEMENT		
8120	STOCK LOSSES	48 400.00	111 534 575.04
8120	GAIN/LOSS FAIR VALUE		0.00
8120	DERECOGNITION OF ASSETS		0.00
8120	PROFIT/LOSS ON TRANSFER OF ASSETS		
8123	IMPAIRMENT RECEIVABLES (PHA)		
8125	ENVIRONMENTAL MANAGEMENT SERVICES		
8127	FINANCE COST (DEBTORS DISCOUNTING)		
8129	STORES AND MATERIAL	5 348 368.00	5 348 367.84
8131	SUBSCRIPTION FEES	5 801 375.00	5 801 374.01
8133	SUBSISTANCE AND TRAVELLING	5 814 412.00	5 632 836.76
8135	INFRASTRUCTURE PLANNING		
8137	SUBSISTANCE AND TRAVELLING (ABROAD)	48 400.00	43 555.80
8138	STRATEGIC PLANNING SESSION	14 520.00	
8139	TELEMETRIC SYSTEMS		
8143	TELEPHONE	5 211 543.00	5 178 097.17
8145	LEGAL SERVICES		
8147	ADMINISTRATION COSTS		
8148	TRAINING LGSETA	1 450 000.00	1 444 613.33
8149	TITLE DEEDS CENTRAL	8 620.00	6 459.57
8153	TOURISM DEVELOPMENT	93 600.00	73 295.27
8155	TOWN PLANNING	1 800 000.00	1 333 878.45
8156	TRAINING DWA	1 000 000.00	89 002.88
8157	TRAINING	1 147 000.00	966 713.60
8158	TRAINING FMG	1 875 000.00	454 266.85
8159	TRAINING - WARD COMMITTEES		
8160	TRAINING INFRASTRUCTURE SKILLS DEVELOPM	5 000 000.00	5 000 000.00
8161	TRANSLATIONS		
8171	TREES	1 404.00	
8173	VETERINARY SERVICES	30 589.00	15 351.68
8179	WARD COMMITTEE MEETINGS	8 732 389.00	8 732 388.04
8185	WATER RESEARCH LEVY	1 364 352.00	1 364 351.55
8187	WEED CONTROL	91 511.00	84 377.39
8189	WORKSHOPS	182 440.00	77 342.66
8191	VAT CONVERSION		
8503	CONTRIBUTION: LONG SERVICE		
8505	LEAVE RESERVE FUND		
8507	PROVISION FOR LEAVE BONUSES		
8508	RURAL HOUSEHOLD ELECTRIFICATION DBSA	39 541 652.00	39 541 651.49
8510	REHABILITATION OF LANDFILL SITES	413 890.00	5 374 992.00
9015	ADMINISTRATION CHARGES - HOUSING	2 091.00	
	<b>Total:</b>	<b>380 881 984.00</b>	<b>517 537 219.19</b>
	<b>Total GENERAL EXPENSES</b>	<b>451 911 710.00</b>	<b>586 464 903.89</b>
			<b>2 762 737 459.08</b>
8120	Gain / (loss) on fair value adjustment		18 114 503.67
8120	Gain / (loss) on fair value adjustment(Investment Property)		
8120	Gain / (loss) on disposal/impairment of assets-Movable Assets		
8120	Impairment of assets- Community		58 262.75
8120	Loss on disposal of assets		
8120	Loss on disposal of assets		-1 225 447.74
8120	Profit/Loss on disposal of assets -Infrastructure		
8120	Revaluation reserve realised on the derecognition of PPE		
8120	Gain on fair value adjustment		
8120	Gain / (loss) on disposal/derecognition of assets		-48 417 146.23
8120	Gain / (loss) on disposal/impairment of assets-Infrastructure		
	<b>Total:EXPENDITURE</b>	<b>2 321 970 000.00</b>	<b>2 731 267 631.53</b>
End of	<b>Report: Polokwane Municipality *</b>	<b>-627 500 000.00</b>	<b>-58 058 705.77</b>

Balance Sheet		Final Closing Balance		Closing Balance	
		30 June 2015		30 June 2016	
<b>Note 2</b>	<b>Housing Development Fund</b>	Vote	num		
	Housing	3	8000.0001	0	-6 955 961.63
					0.00
<b>Note 3</b>	<b>Reserves</b>				
	Revaluation reserve	3	8001.0001	0	-3 433 074 767.30
					-3 408 519 200.80
	<b>Accumulated surplus</b>				
	Accumulated surplus	3	8005.0001	0	-5 795 124 498.33
	Current Year	3	8005.0002	0	119 116 736.45
	Prior Year	3	8005.1026	0	189 039 101.37
	Retained earnings				-5 486 968 660.51
					-5 574 521 956.48
<b>Note 4</b>	<b>Borrowings</b>				
	Local registered stock loans	3	8010.0001	0	-164 627.89
	Annuity loans	3	8010.0100	0	-225 123 746.71
<b>Note 38</b>	Finance leases	3	8010.0300	0	-90 597 800.68
					-64 348 171.97
					-315 886 175.28
					-295 035 730.30
<b>Note 5</b>	<b>Consumer deposits</b>				
	Other	3	8030.0001	0	
	Water	3	8030.0002	0	-5 528 159.39
	Electricity	3	8030.0003	0	-56 520 688.57
	Sundry	3	8030.0004	0	-5 563 410.87
					-67 612 258.83
					-68 863 503.03
<b>Note 6</b>	<b>Trade &amp; other payables</b>				
	<b>Trade creditors</b>				
	Trade creditors	3	8050.0001	0	
	General	3	8050.0002	0	-133 877 203.00
	Year end creditors	3	8050.0003	0	-22 360 012.31
	Goods received not paid	3	8050.0005	0	
	VAT Claimable (Not due)	4	9060.0010	0	
					-156 237 215.31
					-151 334 191.96
	<b>Amounts received in advance</b>	3	8050.0040	0	-40 815 699.58
					-49 068 298.38
	Accounts payable	3	8050.0003	0	-99 704.41
	Licenses prov govt	3	8050.0004	0	0.00
	Goods received not paid	3	8050.0005	0	0.00
	Salaries	3	8050.0010	0	-7 600.00
	Unallocated Credits	3	8050.0040	0	0.00
	Housing Seshego	3	8050.0041	0	0.00
	Water control account	3	8050.0042	0	-396 462.00
	Stock adjustments	3	8050.0043	0	0.00
	Legal costs	3	8050.0044	0	0.00
	Deferred income elec pre-p	3	8050.0047	0	-4 060 115.00
	Debtors suspense account	3	8050.0060	0	0.00
	Payment suspense vote	3	8050.0073	0	0.00
	Return payments	3	8050.0074	0	0.00
	Bad debt provision	3	8050.0080	0	0.00
	Salaries cont members	3	8050.0083	0	0.00
	Bulk services control account	3	8050.0085	0	0.00
	Tickets	3	8050.0087	0	0.00
	Donations	3	8050.0088	0	0.00
	Motors Provincial	3	8050.0089	0	0.00
	Insurance coid	3	8050.0090	0	0.00
	Insurance comm safety	3	8050.0091	0	0.00
	Insurance environment & w	3	8050.0092	0	0.00
	Insurance health	3	8050.0093	0	0.00
	VAT on sales	3	8050.0094	0	0.00
	Insurance cultural services	3	8050.0095	0	0.00
	Insurance mun manager	3	8050.0096	0	0.00
	Insurance CFO	3	8050.0096	0	0.00
	Insurance vehicle fleet	3	8050.0098	0	0.00
	Insurance technical services	3	8050.0099	0	0.00
	Insurance 24 hours	3	8050.0101	0	0.00
	Insurance corporate services	3	8050.0102	0	0.00
	Insurance planning	3	8050.0103	0	0.00
	Insurance traffic & licenses	3	8050.0104	0	0.00
	Debtors control L950	4	9044.1114	0	0.00
	Nett salary suspense	4	9047.0001	0	-1 040 874.72
	Donations	4	9047.0020	0	0.00
	Unidentified receipts	4	9047.0002	0	0.00
	Debtors transfer control	4	9047.0006	0	0.00
	Standard bank current acco	4	9047.0030	0	0.00
					-5 604 756.13
					-5 865 456.04
	Gaurantees	3	8050.0045	0	0.00
	Leave bonus (13th cheque)	3	8050.0084	0	-10 145 041.00
	Staff leave	3	8050.0011	0	-66 759 454.00
	Retention money	3	8050.0046	0	-48 026 977.71
	Unidentified receipts	4	9047.0002	0	-25 191 391.69
	VAT Payable (Output)	4	9060.0001	0	0.00
					-352 780 535.42
					-370 164 913.10
<b>Note 35</b>	<b>Provisions</b>				
	Provisional Health Care	3	8020.0001	0	-155 576 000.00
					-162 094 000.00

	Rahabilitation Landfill sites	3	8020	0004	0	-52 438 945.00	-60 513 655.00
	Outstanding fines	3	8020	0005	0	0.00	
	Long service awards	3	8020	0007	0	-27 867 000.00	-31 892 000.00
	Ex Gratia payments	3	8020	0008	0	-8 831 000.00	-9 585 000.00
						<b>-244 712 945.00</b>	<b>-264 084 655.00</b>
<b>Note 7</b>	<b>Unspent conditional grants</b>						
	Local Government Restructuring grant	3	8060	0002	0	0.00	
	Local Government Transitional grant	3	8060	0003	0	0.00	
	National Lottery	3	8060	0005	0	-3 355 674.42	
	Sport & Recreation	3	8060	0006	0	0.00	
	Provincial LED projects	3	8060	0007	0	0.00	
	DWAF refurbishment	3	8060	0008	0	-20 840 183.75	
	INEP	3	8060	0009	0	0.00	
	Limpopo Provincial	3	8060	0012	0	-2 949 709.53	-2 949 709.53
	PTIF	3	8060	0013	0	-28 167 868.03	
	Housing Accreditation	3	8060	0014	0	-404 429.07	-427 591.02
	Municipal infrastructure	3	8060	0015	0	-133 711 393.54	
	EDSM	3	8060	0016	0	0.00	
	EPWP	3	8060	0017	0	0.00	
	Loc	3	8060	0018	0	0.00	
	NDPG	3	8060	0019	0	-5 705 691.57	-8 450 451.37
	Other grants	3	8060	0022	0	0.00	
						<b>-195 134 949.91</b>	<b>-11 827 751.92</b>
	<b>Total Liabilities</b>					<b>-10 103 126 253.88</b>	<b>-9 993 017 710.63</b>
<b>Note 8</b>	<b>Assets</b>						
	Infrastructure	4	9001	0001	0	14 059 269 775.03	14 536 676 515.45
	Infrastructure	4	9002	0001	0	-7 316 356 954.07	-7 716 994 218.81
	Heritage	4	9001	0005	0	4 588 129.25	15 609 153.25
	Heritage	4	9002	0005	0	0.00	0.00
	Movable	4	9001	0007	0	126 158 045.31	150 285 990.14
	Movable	4	9002	0007	0	-79 217 242.41	-99 901 823.17
	Land & buildings	4	9001	0011	0	3 116 834 068.92	3 171 086 548.81
	Land & buildings	4	9002	0011	0	-1 566 913 194.39	-1 657 940 589.82
	Intangible	4	9001	0013	0	11 574 990.33	10 553 695.30
	Intangible	4	9002	0013	0	-9 259 629.00	-8 479 726.88
	Biological	4	9001	0019	0	14 277 750.00	8 087 720.66
	Biological	4	9002	0019	0	0.00	0.00
	Leased assets	4	9001	0021	0	131 019 094.30	130 430 667.18
	Leased assets	4	9002	0021	0	-49 927 748.34	-75 864 499.63
	Inventory	4	9001	0025	0		
	Inventory	4	9002	0025	0		
	Land	4	9001	0023	0	168 687 285.33	238 332 341.09
						<b>8 610 734 370.26</b>	<b>8 701 881 773.57</b>
<b>Note 8.2</b>	<b>Investment property</b>	4	9001	0009	0	<b>617 158 459.27</b>	<b>658 489 237.57</b>
<b>Note 9</b>	<b>Investments</b>						
	Investments External	4	9010	0001	0	58 999 800.00	58 999 800.00
	Investments in entity	4	9015	0001	0	1 000.00	1 000.00
						<b>59 000 800.00</b>	<b>59 000 800.00</b>
<b>Note 10</b>	<b>Non current receivables</b>						
	Motor car loans						
	<b>Housing selling scheme loans</b>						
	Sundry debtors buyers	4	9026	0002	0	2 317.41	2 297.40
	Sundry debtors profit	4	9026	0004	0	670.86	665.04
	Sundry debtors	4	9026	0006	0	76 940.94	74 713.67
	Sundry debtors	4	9026	0007	0	8 667.99	8 452.99
	Sundry debtors	4	9026	0008	0	1 789.06	1 776.04
	Sundry debtors	4	9026	0009	0	0.00	
	Sundry debtors	4	9026	0010	0	76 449.30	75 923.48
	Sundry debtors	4	9026	0011	0	0.00	
	Sundry debtors	4	9026	0012	0	0.00	
	Sundry debtors	4	9026	0013	0	0.00	
						<b>166 835.56</b>	<b>163 828.62</b>
	<b>Sport loans</b>	4	9026	0014	0	<b>187 670.31</b>	<b>0.00</b>
	<b>Erven loans</b>						
	Sundry debtors	4	9026	0020	0	2 324 732.71	2 151 137.11
	Sundry debtors	4	9026	0021	0	560 514.00	560 514.00
	Sundry debtors	4	9026	0022	0	931 677.80	931 677.80
	Sundry debtors	4	9026	0024	0	1 870 427.53	1 869 118.70
	Sundry debtors					<b>5 687 352.04</b>	<b>5 512 447.61</b>
	Electrical connection					0.00	0.00
	Loan to Polokwane Housing Association	4	9026	0040	0	0.00	0.00
						<b>6 041 857.91</b>	<b>5 676 276.23</b>
<b>Note 11</b>	<b>Inventory</b>						
	Stock control	4	9040	0001	0	35 817 952.31	39 444 941.25
	Inventory unsold erven	4	9040	0100	0	0.00	
	Water at cost	4	9040	0110	0	396 462.00	577 996.75
						<b>36 214 414.31</b>	<b>40 022 938.00</b>
<b>Note 12</b>	<b>Consumer debtors</b>						
	Consumer debtors	4	9044	0001	0	163 111 127.52	152 515 558.64
	Owners Rates	4	9044	0002	0	159 256 369.78	172 843 555.55

	Sale of water and electricity	4	9044	0005	0	29 314 507.00	33 520 552.00
	Sundry Old Balances	4	9044	0006	0	15 296.70	0.00
	Consumer debtors Water	4	9044	0010	0	192 398 551.02	259 860 415.84
	Consumer debtors Refuse	4	9044	0021	0	26 638 553.51	31 672 048.70
	Consumer debtors Elec	4	9044	0031	0	113 822 193.72	139 075 344.71
	Consumer debtors Sewer	4	9044	0041	0	17 705 810.52	19 814 126.94
	Other Sundry Debtors	4	9044	1003	0	29 235 501.89	32 308 881.48
	Unqualifying Indigents	4	9044	1006	0		977 497.68
	Debtors Control L561	4	9044	1105	0	190.50	175.05
	Debtors Control L562	4	9044	1106	0	55.10	50.67
	Debtors Control L571	4	9044	1107	0	25 648.60	16 490.13
	Debtors Control L850	4	9044	1108	0	505.26	1 018.97
	Debtors Control L300	4	9044	1109	0	43.62	44.14
	Debtors Control L380	4	9044	1110	0	5 839.48	4 071.63
	Debtors Control L390	4	9044	1111	0	103.94	
	Debtors Control L425	4	9044	1112	0	0.00	
	Debtors Control L265	4	9044	1113	0	0.00	0.00
	Debtors Control L950	4	9044	1114	0	0.00	187 670.31
	Debtors Control L800	4	9044	1115	0	16 309.68	16 309.68
	Debtors Control L890	4	9044	1118	0	23 266.67	1 738.10
	Debtors Control L325	4	9044	1119	0	3 618.39	5 528.42
	VAT DTRS Control	4	9060	0002	0	47 658 534.63	59 869 865.29
						<b>779 232 027.53</b>	<b>902 690 943.93</b>
	Provision for bad debt	4	9044	0004	0	-408 535 232.00	-467 537 609.68
	RD Cheques	4	9044	1005	0	1 661 739.61	1 445 966.59
						<b>1 661 739.61</b>	
						<b>372 358 535.14</b>	<b>436 599 300.84</b>
<b>Note 13</b>	<b>Other receivables</b>						
	Stock adjustments	3	8050	0043	0	5 134 397.81	628 846.99
	Bulk services control	3	8050	0085	0	0.00	
	Tickets (COMPUTICET)	3	8050	0087	0	112 065.45	0.00
	Donations	3	8050	0088	0	0.00	
	Motors provincial	3	8050	0089	0	0.00	
	SARS dispute VAT	3	8050	0093	0	0.00	5 135 255.04
	Operator registration	3	8050	0105	0	0.00	
	Staff Debtors	4	9026	0001	0	0.00	
	Tax on bonuses (Other)	4	9026	0025	0	0.00	
	Deposits Eskom	4	9047	0003	0	655 174.06	684 874.06
	VAT Claimable (Not due)	4	9060	0020	0	0.00	
	Nett Salary Suspense	4	9047	0001	0	0.00	
	Fraud case RTMC Eson pre	4	9047	0004	0	591 721.60	591 721.60
	Salary Advances	4	9047	0005	0	0.00	
	Debtors transfer control	4	9047	0006	0	150 565.26	
	Absa	4	9047	0007	0	0.00	
	Standard	4	9047	0008	0	10 767.12	
	Nedbank	4	9047	0009	0	0.00	
	ENB	4	9047	0010	0	0.00	
	Donations	4	9047	0020	0	0.00	
	Standard current account	4	9047	0030	0	1 206 995.96	1 020 462.80
	Amounts paid in advance	4	9050	0001	0	5 146 489.60	5 872 847.18
	Provision for outstanding fin	3	8020	0005	0	-29 262 695.46	-30 277 787.24
	Traffic fines	4	9050	00021	0	30 532 385.00	43 937 405.00
						<b>14 277 866.40</b>	<b>27 593 625.43</b>
<b>Note 14</b>	<b>VAT</b>						
	VAT Payable (Output)	4	9060	0001	0	-41 360 350.59	-54 185 717.00
	VAT DTRS Control	4	9060	0002	0	0.00	
	VAT Bank	4	9060	0003	0	0.00	
	VAT Claim due	4	9060	0004	0	0.00	
	Payable/ Claimable Sars	4	9060	0006	0	42 503 315.19	14 491 317.34
	VAT Charged Out	4	9060	0008	0	0.00	
	SARS dispute VAT	3	8050	0093	0	0.00	
	VAT Claimable (Not due)	4	9060	0020	0	17 234 943.11	17 119 487.49
						<b>18 377 907.71</b>	<b>-22 574 912.17</b>
<b>Note 15</b>	<b>Cash</b>						
	<b>Current account</b>						
	Bank account	4	9070	0000	0	66 003 495.33	17 467 508.18
	Bank error	4	9070	0002	0	3 500.00	500.00
	Underbanking	4	9070	0003	0	99 204.86	103 622.44
						<b>66 106 200.19</b>	<b>17 571 630.62</b>
	Bank recon items 2012/13	4	9070	0004	0	0.00	
	Investments External	4	9010	0001	0	30 000 000.00	
	Mayors account	4	9070	0020	0	0.00	
	Housing account	4	9070	0100	0	404 429.06	427 591.01
	Bank account DBSA	4	9070	0101	0		3.00
	Bank account grants	4	9070	0200	0	226 428 108.03	68 304 736.53
	Petty cash	4	9070	0600	0	24 710.00	24 710.00
						<b>322 963 447.28</b>	<b>86 328 671.16</b>
	<b>Total Assets</b>					<b>10 057 127 658.28</b>	<b>9 993 017 710.63</b>

	2 016.00	2 015.00
Taxation (Property rates)	281 023 720.91	255 375 941.83
Service charges	1 092 044 554.51	917 720 057.25
Rental of facilities and equipment	12 342 191.98	12 973 611.54
Fines	17 128 584.78	9 846 497.20
Licences and permits	8 100 962.20	9 195 509.41
Income for agency services	15 931 818.16	15 608 126.88
Other income	187 481 214.11	78 652 634.47
Government grants and subsidies	1 093 373 359.94	1 105 587 780.69
Gain/loss fair value		22 195 708.24
Interest external	27 592 761.70	35 720 658.05
Interest internal	54 307 169.01	45 797 675.81
Increase in Housing fund		0.00
Non cash items	-55 557 677.74	-78 812 799.65
Amounts received in advance -correction	0.00	0.00
	<b>2 733 768 659.56</b>	<b>2 429 861 401.72</b>
(Increase) decrease in debtors	-140 949 193.92	-137 256 843.00
(Decrease)/ Increase in payables	17 384 376.78	67 203 898.00
Increase/(decrease) in provision	19 371 710.00	10 952 276.00
(Increase) decrease in other receivables		
(Increase) decrease in VAT	0.00	0.00
Increase (decrease) in unspent grants	-183 307 197.99	-79 444 372.00
	-287 500 305.13	-138 545 041.00
<b>Total cash receipts</b>	<b>2 446 268 354.43</b>	<b>2 291 316 360.72</b>
Employee related costs	598 398 758.71	520 315 822.41
Remuneration of councillors	27 019 623.37	25 405 635.66
Bad debt	76 708 428.22	130 414 055.80
Collection costs	0.00	0.00
Repairs and maintenance	199 521 473.98	163 392 950.07
Bulk purchases	748 278 150.29	674 894 905.82
Grants and subsidies paid	17 180 000.00	6 740 000.00
General expenses	586 464 903.89	499 087 439.61
Gain/loss fair value	-31 469 827.55	26 163 903.90
Decrease in Housing fund	0.00	310 480.02
Finance cost	33 955 930.58	38 186 646.25
Depreciation	475 210 190.04	546 632 072.12
Non cash items	-617 344 375.48	-773 365 872.07
	<b>2 113 923 256.05</b>	<b>1 858 178 039.60</b>
(Decrease)/ Increase in payables		
(Increase) decrease in debtors	0.00	0.00
(Increase) /decrease in inventory	3 808 523.69	-4 171 701.00
(Increase) decrease in other receivables	13 315 759.03	-6 048 174.00
Increase/(decrease) in provision	0.00	0.00
	17 124 282.72	-10 219 875.00
<b>Payments suppliers</b>	<b>2 131 047 538.77</b>	<b>1 847 958 165.60</b>

315 220 815.66      443 358 195.12

2015

**619 845 403.51** Operating surplus before working capital  
**619 845 403.51** Note 31  
0.00

**-304 624 587.85** Working capital  
**-304 624 587.85** Note 31  
0.00

**315 220 815.66** Cash generated by operations

**315 220 815.66** Note 31  
0.00

2014

	Non cash items	
	2016	2015
Transfer from surplus	0.00	0.00
Debtors prior year	0.00	-12 812 671.00
Interest received	-27 592 761.70	-35 720 658.05
Provisions	0.00	-12 812 671.01
Donation Investment property	0.00	
	-21 008 955.41	
Valuation reserve	0.00	
Black Leopards		0.00
Gain/ (Loss) Disposal of assets		-22 195 708.24
Impairment PHA Loan		8 217 389.00
Decrease in housind fund	-6 955 960.63	-3 488 480.35
<b>Total</b>	<b>-55 557 677.74</b>	<b>-78 812 799.65</b>

	Non cash items	
	2016	2015
Transfer from surplus	0.00	
Depreciation	-475 210 189.13	-546 632 072.12
Bad debt provision	-76 708 428.22	-130 414 055.80
Interest paid	-33 955 930.58	-38 186 646.25
Provisions Land fill Prev Year		
Decrease in housind fund	0.00	-310 480.02
Donations /Cost of sales	0.00	<b>54 846.00</b>
Gain/ (Loss) Disposal of assets	-31 469 827.55	-26 479 086.88
Prior year lines		0.00
Debtors discount allowance		-31 398 377.00
<b>Total</b>	<b>-617 344 375.48</b>	<b>-773 365 872.07</b>

**-128 325 166.00**  
**-128 325 166.00**  
0.00

**443 358 195.12**

**453 013 474.18**  
-9 655 279.05